

# Annual Report

## 2012 - 2013



**STATE BANK OF TRAVANCORE**

## JOURNEY THROUGH THE DECADES

(₹ in crore)

	December 1963	December 1973	December 1983	March 1993	March 2003	March 2013
1. Paid up Capital & Reserves	1.38	1.60	3.58	73.86	722.8	4365
2. Deposits	21.25	95.27	719.80	3208.41	15926.28	84624
3. Advances	7.81	62.02	425.42	1896.27	9170.66	67484
4. Gross Investment	8.09	27.70	185.50	1122.74	8063.63	27273
5. Priority Sector Lendings	----	19.41	165.53	625.54	3387.77	24378
6. Export Finance	----	4.02	11.47	159.90	575.96	2064
7. Net Profit	0.10	0.09	0.29	8.10	171.04	615
8. No. of Branches	104	265	562	615	671	1013
9. Number of Employees	1673	3866	9478	12363	12005	12150

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**STATE BANK OF TRAVANCORE**

(Associate of the State Bank of India)

HEAD OFFICE : THIRUVANANTHAPURAM

**NOTICE**

The Fifty- third Annual General Meeting of the Shareholders of the State Bank of Travancore will be held in the A.K.G.Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram-695 034, on Tuesday , the 28th May, 2013 at 2.30 P.M. (Indian Standard Time) to transact the following business:

“To discuss and adopt the Balance Sheet and Profit and Loss Account of the Bank made upto the 31st March, 2013, the report of the Board of Directors and the Auditors Report on the Balance Sheet and Accounts.”

Thiruvananthapuram  
29<sup>th</sup>, April 2013.

**P. Nanda Kumaran**  
Managing Director

## BOARD OF DIRECTORS AS ON 31.03.2013

<b>Shri Pratip Chaudhuri</b>	Chairman under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri P Nanda Kumaran</b>	Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
<b>Dr J Sadakkadulla</b>	Director under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Rajeev Nandan Mehra</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Pradip Kumar Sanyal</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri C N Venugopalan</b>	Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri K Muraleedharan Pillai</b>	Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri C Rajkumar</b>	Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri T Balakrishnan</b>	Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri K T Rajagopalan</b>	Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
<b>Shri Jitendar Kumar Mehan</b>	Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

## MANAGEMENT COMMITTEE

<b>Shri P Nanda Kumaran</b>	Managing Director
<b>Shri Sajeev Krishnan</b>	Chief General Manager (Retail Banking)
<b>Shri E K Harikumar</b>	Chief General Manager (Commercial Banking)
<b>Smt Bhanu Raman</b>	General Manager (Information Technology)
<b>Shri V Kannan Kutty</b>	General Manager (Risk Management)
<b>Shri Krishnan A N</b>	General Manager (Human Resources)
<b>Shri S Vasudevan</b>	General Manager (Priority Sector & Rural Banking)
<b>Shri G Madana Mohan Rao</b>	General Manager (Inspection & Audit)
<b>Shri K N Murali</b>	General Manager (Retail Network I)
<b>Shri A Chandrasekhara Sarma</b>	General Manager (Retail Network II)
<b>Shri S Chandrasekharan</b>	General Manager (Treasury) & Chief Financial Officer
<b>Shri T Keshav Kumar</b>	General Manager (CNW)
<b>Shri Venugopan G</b>	General Manager (CBG Network)
<b>Shri D Babujayaraj</b>	General Manager (SAMG)
<b>Shri S Harikrishnan</b>	General Manager & Chief Vigilance Officer

## Report of the Board of Directors to the State Bank of India, the Reserve Bank of India and the Central Government in terms of Section 43(1) of State Bank of India (Subsidiary Banks) Act, 1959

Period covered by the Report: 1st April 2012 to 31st March 2013

### I. MANAGEMENT DISCUSSIONS & ANALYSIS

#### I.1 Global Economy

Global economy, which turned weak in 2012, is expected to remain sluggish in 2013. The fiscal adjustments undertaken by the advanced economies (AE) have resulted in a deceleration of growth and, in turn, delayed the recovery process in Emerging Markets and Developing Economies (EMDEs). The International Monetary Fund, in its World Economic Outlook, has forecast that global growth will remain sluggish at 3.3% in 2013. The downside risks have abated in early 2013. Signs of stabilization in global economy have been in evidence in the recent past, with stronger than expected growth in the US, the measures taken by the US to tackle the "Fiscal Cliff", supportive policy action taken by the Euro Zone and pick-up in industrial production in EDEs. Among the BRICS (Brazil, Russia, India, China and South Africa) countries, growth accelerated in Brazil and South Africa. However, the slowing down of the Chinese economy has increased the prospects of delay in global recovery.

#### I.2 National Economy

GDP growth slowed down from 6.6 per cent in 2011-12 to 5.0 per cent in 2012-13. This was attributable to the continued weakness in industrial activity accompanied by bottlenecks on the supply side and slowdown in the services sector resulting from weak external demand. With consumption demand slowing down and both investment and exports declining, the decline in the GDP growth rate became broad-based. The moderation in corporate sales and weakening consumer confidence suggest that the slowdown could be spreading to consumption spending as well. Wholesale price index (WPI) declined to an average of 7.3 per cent last year from 8.9 per cent in the year before. The decline was particularly significant in the fourth quarter of last year with WPI inflation touching 6.0 per cent in March 2013, the lowest in the last three years.

The unusual upsurge in vegetable prices, early in the year, coupled with a rise in cereal prices contributed to an upward pressure on food inflation through the year. Similarly, the upward revisions in administered prices and the pass through of high international crude prices caused fuel inflation to average in double digits during 2012-13. On the supply side, there are indications that the sluggish global growth is beginning to affect the services sector also. According to the projections of the IMF, India's economy is expected to grow at a faster pace (6.4%) in 2014 aided by the

modest strengthening of global economic outlook.

Money supply (M3) growth was around 14.3 per cent by end-March. The total flow of resources to the financial sector to the commercial sector increased by more than 10% to Rs. 12.8 trillion in 2012-13 from ₹11.6 trillion in the previous year. This increase was accounted for, among other things, by higher non-SLR investment by scheduled commercial banks (SCBs).

#### I.3 Kerala Economy

Kerala's economy has become one of the fastest growing state economies in the country, with the GSDP clocking growth of 9.5% in 2011-12, highest among the all southern states. Kerala has won international recognition for its outstanding achievements in the health sector and in education sector. Kerala is much ahead of most other states in India in terms of Human Development Index and life standard of the people, and, on par with some of the developed countries in certain parameters. The prime driver of economy still is the remittances from abroad by lakhs of Non Resident Keralites. In Agriculture, food crops such as paddy and coconut have faced setbacks due to dwindling area of cultivation and high cost of inputs. Tourism continues to flourish and IT sector is on the growth path, with the flagship Techno Park at Thiruvananthapuram and Techno city at Ernakulam gaining further traction. The new initiatives and mega projects, like Vallarpadam International Container Transshipment Terminal will give a fillip to the economy. The proposed Info Park and Smart City near Kochi, is expected to propel Kerala to become one of the leading IT destinations in the country. The State's prestigious Greenfield airport project 'Kannur International Airport' is expected to transform the North Malabar region into a highly developed growth centre for travel, tourism and industries. These projects are expected to give further thrust to the growth of construction field, expansion of white goods market, further promotion of tourism and small and medium industries in the state.

#### I.4 Banking Environment

Indian banking sector demonstrated strong resilience during the global financial crisis and was able to maintain profitability, with asset quality remaining relatively unaffected. In India, reforms have continued with a view to building a robust and resilient financial system. More stringent capital and liquidity measures for commercial banks have been implemented and steps have been taken to build provision buffers. RBI has initiated preliminary steps for implementation of the Basel III norms embedded with provisions and guidelines for higher capital adequacy norms for adoption and implementation by Banks in India. RBI's decision to cut cash reserve ratio thrice in the recent past to ease tightness in liquidity demonstrates the timely surveillance exercised by the Regulator in this regard. The key focus areas for Indian Banks include liquidity management; gainful deployment of funds; availability of cheaper technology to serve thinly populated

unbanked areas; grooming suitable replacement for large number of the experienced manpower bidding adieu to the banking industry; IT security; advanced Risk management approaches; and introduction of innovative products. The Indian Banking sector is continuing to grow with rapid transformation, with almost all the Banks having migrated to Centralised Core Banking Environment, supported by technology enabled products. The revolution in information technology is forcing banks to redefine the existing business practices. The need of the hour is to think to develop technologies beyond core banking.

India has the highest growth in young population who want a great banking service, tailored to meet their needs and in a time frame that works. The next generation wants to get banking facility "here, now and at an arm's length" in a manner that is simpler, convenient and easy to access. The next generation banking has to provide customer-centric features, giving users an extremely personalized experience while at the same time providing increased intelligence and automation to help banks sell appropriate products and services to their customers. Banks are gradually moving towards a right mix of assisted and self-serviced channels to provide a rich unified and consistent banking experience. Bright and clean branches, customer friendly business hours and short queues have become the key differentiators. Green Channel Counters are the latest innovations in the series for Banks to serve its customers in an eco friendly atmosphere. Regulatory changes have opened up newer opportunities for Banks in areas such as financial inclusion, mobile banking and rural banking. The penetration of banks in rural areas has increased manifold due to the progress made under Financial Inclusion Plans of banks.

### 1.5 ASCB Performance

All Scheduled Commercial Banks grew by ₹ 8,42,340 crore (14.30%) between 30th March 2012 and 22nd March 2013 to reach ₹ 67,51,420 crore, as on 22nd March 2013. The Gross Advances grew by ₹ 6,50,980 crore (14.10%) in the same period to touch ₹ 52,62,830 crore. Food credit increased by 20.84% to ₹ 96,420 crore. Non-Food credit grew by 11.70% and reached the level of ₹ 51,66,410 crore.

### 1.6 Regulatory Measures and Monetary Policy

The year 2012-13 witnessed a series of monetary measures initiated by Reserve Bank of India to contain rising inflation, more liberalization in the Branch Authorisation Policy and more security measures for electronic payment system in scheduled commercial banks.

RBI has announced further liberalization of the Branch Authorisation Policy. To provide enhanced banking services in Tier 2 centres, domestic scheduled commercial banks (other than RRBs) will be allowed to open branches in Tier 2 centres (with population 50,000 to 99,999 as per Census 2001) without the

need to take prior permission from the Reserve Bank in each case, subject to reporting.

The following are the other important regulatory initiatives and developments initiated by Reserve Bank of India during the financial year.

- All banks providing cheque facility to their customers are to issue only 'CTS-2010' standard cheques. These cheques would ensure uniformity in all cheque forms issued by banks in the country, expected to act as a deterrent against cheque frauds, while the standardisation of field placements on cheque forms would enable the straight-through-processing both under CTS and MICR clearing
- RBI has reduced the Cash Reserve Ratio (CRR) of scheduled banks by 25 basis points from 4.75 per cent to 4.5 per cent of their Net Demand and Time Liabilities (NDTL) effective from September, 22, 2012. Further reduction of the CRR by 25 basis points from 4.50 per cent to 4.25 per cent was effected from 3rd November 2012 and from 4.25 per cent to 4.00 per cent was effected from February 9, 2013.
- Statutory Liquidity Ratio has also undergone a change.
- Bank Rate has been reduced by 50 bps from 9.50% to 9% w.e.f. 17/04/2012. It was again reduced twice by 25 bps each from 9.00 to 8.75% and from 8.75% to 8.50% w.e.f. 29/01/2013 and 19/03/2013 respectively.
- The Reserve Bank of India had issued guidelines on implementation of Basel III capital regulation in India on May 2, 2012.
- RBI has decided to permit resident individuals to include non-resident close relative(s) (relatives as defined in Section 6 of the Companies Act, 1956) as a joint holder(s) in their resident bank accounts on 'former or survivor' basis. However, such non-resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder.
- RBI, vide DBOD No.BRBC.21/21.04.048/2010-11 dated 1st July 2010, issued instructions on the enhanced provisioning requirements on certain categories of non-performing advances and restructured advances.
- The Reserve Bank of India has recently announced a new set of guidelines with regard to security and risk measures that banks need to take for electronic payment transactions.
- International use of debit and credit cards: A key change being made is that, by default, credit and debit cards should be issued only for domestic use. Debit cards enabled for international transactions may be issued to customers only against their specific requisition.

The deadline for this was June 30th 2013.

- Second Factor Authentication for International transactions: Banks should move towards a system that facilitates implementation of additional factor of authentication for cards issued in India and used internationally (transactions acquired by banks located abroad).

- Enhanced Rates of Provisioning for Non-Performing Assets for 2012-13

(a) Sub-standard assets will attract a provision of 15 per cent as against the existing 10 per cent.

(b) Unsecured exposures in sub-standard assets will attract an additional provision of 10 per cent [i.e. 25%].

© DA1, DA2, DA3 to have 5%/10% higher provision at 25%/40%/100% (Secured)

(d) DA (all categories) & LA (unsecured) provision 100%.

(e) Higher Standard Asset Provision for restructured accounts.

## 2. The Bank's Operations and Performance

### 2.1 Total Business

The Bank's gross business crossed the major milestone of Rupees One lakh fifty thousand crore during the last quarter of this fiscal. The total business of the Bank reached the level of ₹ 152,108 crore as on 31st March, 2013, reflecting a growth of 19.94% from ₹ 1,26,816 crore as on 31st March, 2012.

### 2.2 Working Results and Operating Profit

Operating profit (after Staff Provisions) for the year 2012-13 increased by 8.17% to ₹ 1,351 crore from ₹ 1,248.80 crore registered a year ago. Net Profit for the year stood at ₹ 615.04 crore as compared to ₹ 510.46 crore for the previous year 2011-12, indicating a growth of ₹ 20.49% over last year.

The earnings per share (face value of ₹ 10) are at ₹ 123.01 as against ₹ 102.09 as at the end of previous year.

The Net Interest Income increased by 12.12% from ₹ 1,830.37 crore in FY 2011-12 to ₹ 2,128.20 crore during this fiscal. Net interest Margin (NIM) stood at 2.56%.

### 2.3 Dividend

The Bank declared a dividend of ₹ 20 per share (200%) for the year to the shareholders, entailing a total pay out of ₹ 100 crore. Of this, an interim dividend of ₹ 17 per share (170%) was paid out on 16th April, 2013. The dividend Pay-out Ratio works out to 16.65% of the Net Profit.

### 2.4 Capital Adequacy

The Bank's capital funds improved from ₹ 5,867.09 crore as at the end of March 2012 to ₹ 6,175.70 crore as at the end of

March 2013. The capital adequacy ratio under Basel II stood at 11.70% as on March 31, 2013 as compared to 13.55% as on March 31, 2012 against a minimum of 9% stipulated by RBI. The Tier-I CRAR on this date is 8.46% as against 9.35% as at the end of the previous year.

### 2.5 Deposits

Bank's aggregate deposits showed a growth of 18.43% and stood at ₹ 84,047 crore as on 31st March, 2013 compared to ₹ 70,965 crore in the previous year. Major contribution came from Personal Segment Deposits, which grew by ₹ 7,213 crore to touch the level of ₹ 52,591 crore. NRI Deposits registered an impressive 26% growth amounting to ₹ 4,003 crore and the level is at ₹ 19,312 crore. This represents 22.98% of the Aggregate Deposits of the Bank as on 31st March, 2013. Total Deposits of the Bank (including Inter Bank Deposits) went up to ₹ 84,624 crore as on 31st March, 2013 from the level of ₹ 71,470 crore as on 31st March,

### 2.6 Advances

The total advances of the Bank reached ₹ 67,484 crore as at the end of 31st March 2013 from the level of ₹ 55,346 crore a year ago registering a growth of 21.93%. Personal segment advance contributed a growth of ₹ 4,600 crore (34.53%), whereas the share of C&I segment is to the tune of ₹ 5,530 crore. The Retail lending stood at ₹ 33,178 crore and constituted 49.16% of the total advances as at the end of 31st March, 2013. The Credit Deposit Ratio of the Bank is 79.75% as on 31st March, 2013 as against 77.44% as on 31st March, 2012.

### 2.7 Market Share

The excellent performance of the Bank during the year has enabled the Bank to improve its All India market share. The Bank's market share in Deposits moved up to 1.22% as on March, 2013 from 1.16% during March, 2012. The market share in Advances has improved from 1.18% in March 2012 to 1.25% as on March, 2013. The Bank's All India Market share in total business as at the end of March 2013 is at 1.23%.

The Bank continues to maintain its position as Premier Bank in Kerala with a market share of 21.88% in business with 14.28% of the total branch network. In respect of NRI deposits, our market share in the state is 27.52%.

### 2.8 Priority Sector Lending

The Bank continued to give special emphasis on lending to the priority sector in conformity with national policies, expectations and fulfillment of social objectives. Bank's gross Advances to the Priority sector increased from ₹ 20,287 crore as at the end of March 2012 to ₹ 24,378 crore as at the end of March 2013 and constituted 43.50% of the Adjusted Net Bank Credit against the



benchmark of 40%.

## 2.9 Agricultural Finance

The Bank has achieved the business level of ₹10,329.57 crore as on 31st March, 2013, that is 18.43% of ANBC, against a benchmark of 18% stipulated by Government of India.

Bank has disbursed an amount of ₹ 9,436.18 crore under agriculture segment as at the end of March 2013 against the Special Agricultural Credit Plan target of ₹ 6,000 crore. The level of lending to agriculture sector stood at ₹ 10,329.57 crore as on 31st March 2013. Agri segment showed a growth of ₹ 1,427.83 crore during the financial year 2012-13 compared to a growth of ₹ 3,322 crore, during the same period last year.

During the current fiscal 13,949 Kisan Credit Cards (working capital facility to farmers) for ₹160.58 crore and 2,453 Kisan Gold Cards (Investment credit to farmers) for ₹ 115.95 crore were issued. Revised scheme for Kisan Credit Card with a period of 5 years was introduced. Bank is undertaking a special drive to cover all farmers having Kisan Credit Card with ATM-cum-Debit cards to make transactions in the account more convenient.

The Bank has conducted an intensive agriculture lending campaign called "SBT- Haritotsavam-2012" during the period 1st June, 2012 to 30th September 2012. As against a lending target of Rs.1,500 crore to 58,000 new accounts, an amount of Rs.2,525 crore was disbursed during the period. Advertisements were given in leading newspapers and farm magazines highlighting our various Agricultural products/ schemes. A special brochure on agricultural schemes in local language was made available to the branches for the benefit of farmers.

### Farmers Clubs

Farmer's club meetings were conducted at various centres to give wide publicity to the schemes available to farmers. Through these meetings, issues faced by farmers were brought to the notice of the Bank and other Agencies working in the field and necessary solutions were suggested. During the year one new Farmers Club was formed. There are 223 Farmers clubs sponsored by the Bank so far.

### Farmers Meets and Celebration of 'Chingam I' (Farmer's day)

Many of our Branches have organized Farmers Meets at various centers, in which the presence of farmers was excellent. The Bank representatives have explained various loan schemes and cleared the doubts raised by them.

Bank celebrated Farmer's Day on Chingam I (17.8.2012), associated with Krishi Bhavans, Animal Husbandry Dept etc. Best

farmers were felicitated in the function. Loans for various agricultural activities were disbursed to farmers on the occasion.

### Drought Relief

Govt. of Kerala and Govt. of Tamil Nadu declared the states as drought hit. Various relief measures like moratorium for loans, Conversion of crop loans to term loans, Repayment of loans were implemented to assist farmers to tide over the difficult situation

### Hi-Tech Farming

Introduced the scheme for financing Hi-Tech Farming (Establishment of Polyhouse) with Govt. subsidy to support progressive farmers coming forward to implement modern technology in agriculture.

### Loans against Warehouse Receipts of NCMSL

Bank has launched a scheme for loans against security of Warehouse Receipts issued by National Collateral Management Services Ltd., to help farmers avoid undertaking distress sale of their products.

## 2.10 Lending to Micro, Small and Medium Enterprises (MSMEs)

MSMEs play a major role in the country's economic development. The bank gives due importance for the growth of this vital segment of the economy. Total lending to MSME sector as on March 2013 stood at ₹ 9,230.23 crore, registering a growth of ₹ 971.85 crore over the previous year. The lending to Micro & Small Enterprises (MSEs) stood at ₹ 5,658.88 crore which is 20.73% higher over the previous year level.

The growth in this sector was fuelled by an intensive MSME lending campaign conducted from 1st October 2012 to 28th February 2013. The total loan disbursement during the campaign period was ₹685 crore covering 5,249 accounts.

Road Transport Operators (RTO) is an important sub-segment under service enterprise. The relaxation in security norms and reduction in interest rate and entering into tie-up with automobile companies have contributed to steady growth under this vital segment. Outstanding under RTO segment, as on March 2013, is ₹ 409.33 crore comprising 9,362 accounts.

### Prime Minister's Employment Generation Programme (PMEGP)

The Bank has been actively supporting the programme to generate employment for youth and has stood first in the state of Kerala having achieved 226% of the targets during the year as against 154% and 162% during 2010-11 and 2011-12 respectively. The

Bank has financed 423 projects creating around 2,100 jobs as against the target of 187 projects.

### **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**

The Bank is a Member Lending Institution of CGTMSE which provides guarantee cover to collateral free loans. Awareness programmes/workshops /seminars were conducted in all Regional Offices of the Bank and other important centres for operating staff about the scheme. Meetings of entrepreneurs were also conducted to educate them about the scheme. 16,697 loan accounts amounting to ₹ 601.73 crore have been extended under the scheme so far. The Bank is at 17th place among 118 Member Lending Institutions of CGTMSE in terms of number of accounts and also amount covered.

### **New Schemes introduced**

During 2012-13 the following new schemes were introduced

#### **SBT Contractor plus**

A scheme to provide financial assistance to contractors for working capital needs and long term investment needs to purchase construction equipments like Cranes, Tippers, Excavators, Proclaimers, JCBs, and Concrete Mixing Box etc.

#### **SBT Vyapar Mithra**

Trading is an important activity in the State of Kerala and to take care of the needs of Trading Community, separate schemes have been launched. Under the scheme all retail traders can avail loans for their working capital requirement and also for purchase of fixed assets, furnishing of shops etc.

#### **SBT MSME Gold loan**

Scheme for financing against security of gold ornaments to MSME customers for their Manufacturing/Business needs.

## **2.11 Commercial & Institutional Finance**

The Bank performed well under the segment by tapping the potential in the market and C&I advance of the Bank reached ₹ 35,212 crore as on 31st March 2013, registering a growth of 18.63% over March, 2012. This segment contributes more than 51.26% of Bank's total advances, which comprises financing Trade and Services, Industry, Infrastructure, financing corporate customers and other institutions.

Commercial Net-work (CNW) Branch System was introduced in the Bank for giving focused attention to select branches to achieve substantial growth in large value advances. Commercial branches

at Bangalore, Chennai, Ernakulam and New Delhi, Corporate Finance Branch Mumbai, Mumbai Main and Karol Bagh Branch (New Delhi) were brought under the system. The 7 CNW branches put together have a business level of ₹ 32,705 crore. The credit portfolio of CNW branches is ₹ 21,257 crore, which is about 30.92% of the Bank's total advances. They also handle Non-Fund Based advances of ₹ 3,447.57 crore.

With the objective of improving the market share in corporate segment and enhancing the business mix to global standards, Bank has established a separate network called "Commercial Business Group" (CBG).

The core idea behind the formation of CBG network is to cater to the banking needs of Mid Corporates, Emerging Business Groups and large SMEs, which contribute to the bank's asset portfolio. Now, CBG has in its fold, 13 branches across the country and it is proposed to add more branches during 2013 – 14.

CBG branches, being credit focused, have great potential to contribute towards the future growth of business. The CBG network is expected to become a flagship segment of the bank in future. At the end of 2012-13, the total business of CBG has been ₹ 9,202 crore, with deposits at ₹ 2,208 crore and advances at ₹ 6,994 crore.

Project Finance Unit (PFU) was formed in the Bank in order to develop project appraisal skills in-house, and also to prevent good business proposals from going past us for want of Techno Economic Viability (TEV) Study. The PFU undertakes Technical and Financial appraisal of small and medium & large sized projects, which have not been vetted by agencies of national/international repute.

Earlier, the Technical Consultancy Cell (TCC) attached to MSME Business Department has been merged and functioning under PFU with effect from June 14, 2011.

Apart from conducting viability studies, PFU is exploring the avenues for preparation of Information Memorandum and Debt syndication also, so as to supplement the Bank's income.

During the period (2012-13) under review, PFU has conducted TEV study on 18 projects, having total project cost of ₹ 1,500 crore involving Term loan amount of ₹ 770 crore and earned an income (study charges) of ₹ 33 Lakh and an amount of ₹ 20 Lakh is in the pipeline. Further, PFU with the assistance of TCC has conducted rehabilitation studies of four units.

## **2.12 Personal Deposits**

Deposits under Personal Segment grew from ₹ 45,377.71 crore as on 31.03.2012 to ₹ 52,590.92 crore as on 31.03.2013 thus recording a growth of 15.90%. Domestic Deposits grew by ₹ 3,210.64 crore while NRI deposits grew by ₹ 4,002.57

crore. Personal Deposits constitute 62.53% of the aggregate Deposits of the Bank.

### 2.13 Personal Finance

The Bank continued to be active in extending finance to Personal Segment, mainly by way of Housing Loans, Car Loans, Education Loans and Gold Loans.

The advances under the Personal Segment rose to a level of ₹ 17,862.82 crore (net of IBPC of ₹ 500 crore) as at March 2013 from ₹ 13,456.16 crore (net of IBPC of ₹ 2,000 crore) as at the end of March 2012.

During the year under review, 12,739 housing loans aggregating to ₹ 1783.08 crore were granted taking the outstanding Housing Loan Level to ₹ 8,582 crore as on 31.03.2013. Similarly 11,836 car loans aggregating to ₹ 573 crore were granted during the same period taking outstanding car loans level to ₹ 1,357 crore as on 31.03.2013.

As in the previous years, the Bank continued to support the younger generation to pursue higher studies by extending Education Loans under IBA Model Scheme. During the year the Bank has launched two more Education Loans schemes viz.

- i) Loan Scheme for students admitted under Management Quota, and
- ii) Scheme for Vocational Education and Training.

The Bank maintained its leader position in extending Education Loans in Kerala State. During the year under review, 7,202 Education Loans amounting to ₹ 229 crore were sanctioned, taking the total outstanding amount to ₹ 2,405 crore as at the end of March 2013.

In order to unlock the economic value of the Gold with household's, special thrust was given for sanction of Gold Loans during the year. The efforts yielded results and, during the year, 2.32 lakh gold loans were sanctioned taking the outstanding amount to Rs.2,459.50 crore as at March 2013.

### Social Banking

The National Pension System (NPS) is a defined contribution based pension system introduced by the Government of India. It is an initiative aimed at providing adequate retirement income for all Indian citizens with a built-in social objective. The Bank was appointed as Aggregator by the PFRDA and so far 1,671 corporate accounts and 154 normal NPS accounts have been registered.

1% Interest Subvention Scheme on Housing loans was implemented as per the directions of Government of India benefitting the Home Loan borrowers who availed loans upto a limit of ₹ 10 lakh within an estimate/cost of construction of ₹ 20 lakh.

The subvention for the period from 01.10.2009 to 31.03.2011 has been received and passed on to the beneficiaries. Pursuant to the budget announcement for the year 2012-13, the Interest Subvention Scheme for housing loan is now being extended to housing loans with limits upto ₹ 15 lakh with project cost not exceeding ₹ 25 lakh.

Central Scheme to provide Interest Subsidy on Education Loans availed by borrowers belonging to Economically Weaker Sections whose parental annual income does not exceed ₹ 4.5 lakh has been implemented. Interest subsidy for the period from 01.04.2009 to 30.6.2012 has been received and passed on to the beneficiaries under the scheme.

### Campaigns

In order to commemorate the 67th Anniversary of Bank's foundation day, a 670 day deposit product with interest at 9.50% p.a. was run from 20th August 2012 to 15th September 2012. An aggregate amount of Rs.2,123 crore spread over 35,674 accounts was mobilized through this product.

A campaign by the name of "Pooja to Pongal" was conducted from 23.10.2012 to 15.01.2013 for extending Housing Loans, Car Loans and Gold Loans at attractive rates/concessions.

In order to activate the inoperative accounts a campaign was conducted during which 1.04 lakh inoperative accounts were either reactivated or closed.

SBT Tax Saver Scheme is aimed to facilitate tax payers to secure exemption under Sec.80 of the I.T.Act. A special campaign was conducted from 01.02.2013 to 31.03.2013 to encourage the Tax Payers to invest their savings with the Bank. An aggregate amount of ₹ 30.58 crore spread over 5,605 accounts was mobilized through this product.

### 2.14 Treasury Operations

The gross Investments of the Bank stood at ₹ 27,273 crore as on 31st March 2013 as against ₹ 22,473 crore as on 31st March 2012. Average investments during 2012-13 was ₹ 24,984 crore as against ₹ 21,155 crore during 2011-12. The Revenue from investment operations (interest and dividend) for the year was ₹ 1,816.37 crore as against ₹ 1,446.28 crore for the previous year. The average yield on investments was at 7.38% during the year as compared to 7.06% during the year ended 31st March 2012. The Bank earned a profit of ₹ 131.18 crore from Domestic Treasury Operations during the period under report compared to ₹ 66.79 crore during the year ended 31st March 2012. The total profit from Forex operations during the year was ₹ 25.29 crore as against ₹ 42.49 crore as on 31st March 2012. During current year as per regulatory requirement, 'Discount income on CP and CD' has been grouped under 'Income on Investments'.

Bank's total Forex turnover during the year for merchant transactions was ₹ 24,026 crore compared to ₹ 26,830 crore during the previous year. Inter bank turnover was lower at ₹ 4,83,332 crore as against ₹ 8,89,498 crore during the previous year. Bank is a member in MCX-SX (Multi Commodity Exchange) for trading in Currency Futures.

## 2.15 International Banking

The Bank's total Forex turnover from merchant transactions, during the year was ₹ 24,026 crore compared to ₹ 26,830 crore during the previous year. Inter Bank turnover was at ₹ 4,83,332 crore as against ₹ 8,89,498 crore during the previous year. The total profit from Forex operations during the year was ₹ 25.28 crore as against ₹ 42.49 crore during the previous year. The export finance extended by the Bank stood at ₹ 2,064.35 crore, which was 37.04% higher over the level at the end of the previous year.

The Bank has entered into an agreement with Export Credit Guarantee Corporation of India (ECGC) to cover its export credit portfolio with effect from 1st October 2012. Accordingly, eligible accounts have been covered under Whole Turnover Packing Credit Guarantee (WTPCG) and Whole Turnover Post Shipment Guarantee (WTPSG) cover provided by ECGC of India Ltd. With a view to facilitating faster issue of Bank Realisation Certificate to exporters (BRCs) for claiming export incentives and as part of message exchange initiative of Directorate General of Foreign Trade (DGFT), the bank has commenced digital transmission of Bank Realisation Certificate (e-BRCs) through DGFT website since August 2012.

## 2.16 Cross Selling

The Bank has been constantly endeavoring to meet the requirements of its customers by making available Life, Non-life insurance products as well as other non-banking investment products like Mutual Funds and also Credit Cards to its customers. The Bank's Cross Selling products include life insurance products of SBI Life Insurance Company, SBI General Insurance Company's Non Life (General Insurance) products, SBIMF's Mutual fund products and Credit cards from SBI Cards which are being made available to the customers through the branch network. With auto debit facility in place, SIP mode of investment in Mutual Funds is becoming popular amongst the Bank's customers. The Bank also has tie up arrangements with UTI Mutual Fund, Sundaram Mutual Fund, Franklin Templeton and Tata Mutual fund houses whose products are available to the customers through the branch network.

As against ₹ 11.83 crore income earned during the year 2011-12, income from the Cross Selling business during the current year has shown a decline in growth to ₹ 9.87 crore.

SBI Life Insurance with a share of nearly 68% continues to be the major contributor to Cross Selling Income followed by General Insurance, Mutual Fund and SBI Cards at around 21.00%, 10% and 1% respectively.

Some of the SBI Life products that are gaining acceptance among the customers are: RinnRaksha, a loan liability insurance cover for Housing, Vehicle and Personal loans, Pure term insurance cover called Saral and Smart shield, Term insurance plans with a return of premium like Group Swadhan and Individual Swadhan and traditional plans like SubhNivesh (an endowment plan with a whole life option), Smart Money back and Smart Income Protect. Child plans like Scholar II and Smart Scholar are also widely accepted plans. Pension plans like Annuity Plus and Saral Pension are now available for sale.

The Bank had a tie-up with United India Insurance Company Limited for marketing its Non-life products. The tie-up with UIICO for General Insurance products has been discontinued with effect from 10.07.2012 and a new tie-up with SBI General is in place. Snehasuraksha, the Personal Accidental Death cover for ₹ 4.00 lakh for a yearly premium of ₹ 100 has gained wide acceptance. Launched on the last day of November, nearly 40,000 savings Bank account holders have been covered under this scheme within a short span of 3 months.

Among the Mutual fund products, Systemic Investment Plans [SIPs], Fixed Maturity Plans [FMPs] debt and equity funds of SBIMF launched from time to time are also marketed through the branches. SBI Mutual Fund's Gold Fund too is gaining acceptance amongst the investing public.

SBI credit cards are also being sold to the Bank's customers through its branch network. Platinum Credit cards for high value customers, Secure Cards, SBI Gift Cards and Vishwa Yatra Cards for overseas travellers are some of SBI Cards products being marketed by the Bank.

Bank has 1,131 Certified Insurance Facilitators and 848 AMFI qualified employees as on date, who form the Insurance and Mutual fund sales force.

## 2.17 Asset Quality

The bank is continuously, in a very dynamic manner evaluating the assets quality to measure the credit risk associated with them and to ensure building up of well performing loan portfolio. As hitherto, a special focus is given to improve the quality of assets and containing NPAs. The Gross NPA level of the Bank, as on 31st March, 2013, is ₹ 1,749.88 crore and its percentage to Gross Advances stands at 2.56 compared to 2.66 last year. The Net NPA level of the Bank, as on 31st March, 2013, stands at ₹ 988.58 crore. The percentage of Net NPA is 1.46 compared to 1.54 as at the end of the previous year.

A robust monitoring mechanism for recovery has been put in place by constituting a Board level Committee, besides a High Power Task Force with Top Executives as members to review the Non Performing Assets, above ₹1 Crore. As a strategic initiative, a new scheme has been framed to engage the services of the outside professional agencies (Asset Reconstruction Companies) towards recovery of loss assets. The Bank has migrated to e-auction platform to conduct the sale electronically, ensure greater transparency with respect to sale of immovable properties.

The Asset Tracking System has been put in place effectively, for follow up of irregular accounts by tele calling. During the year, 89,101 accounts were tracked and 32,552 accounts were regularized with a recovery of ₹ 44.84 crore.

Keeping in mind the growing importance of the MSME sector, the Bank is continuously engaged in providing the right kind of rehabilitation support to sick MSME units. Rehabilitation/Restructuring packages are under implementation in respect of 1,484 units with a total exposure of ₹ 2,391.47 crore. Of which, 29 units are under CDR scheme with an exposure of ₹ 1,199.57 crore and 22 units under BIFR scheme with exposure of ₹ 152.32 crore.

## 2.18 Government Business

The Bank maintains its status as the Principal Banker to Government of Kerala. The Bank has been authorized by Reserve Bank of India to handle State Government Business at 121 branches in the State of Kerala and 2 branches in Tamil Nadu. 370 Post Offices are linked with the Bank's branches with a total turnover of ₹ 5,251 crore. More Post Offices are coming forward to open their accounts with the Bank as per the Government Policy for linking of Post Offices with the banks. Bank is undertaking Railway transactions in its 57 branches.

194 branches of the Bank are authorized by CBDT for collection of direct taxes by physical challans (134 branches in Kerala and 60 branches outside Kerala) and 148 branches are authorized by CBEC in Kerala for indirect taxes in physical mode.

E-payment facility launched by the Government of Kerala through the Bank for payment of Commercial Taxes is well received by the business community and have clocked a Turnover of ₹ 9,345 crore for the year. E-payment for remittance of vehicle taxes and related fees has been introduced by the Bank in co-ordination with the Commissioner of Transport in Thiruvananthapuram and Attingal RTO Offices. Other E-payment initiative includes Karnataka State Government Taxes, Transport, Commercial Tax and Sales Tax of Tamil Nadu, Professional Tax and Sales Tax payment of Maharashtra State Government etc. Bank has also successfully launched on-line facility for remitting fees for various UPSC examinations. Bank is also continuing its efforts to get all the e-initiatives extended in a

phased manner.

Bank's Centralised Pension Processing Cell (CPPC) has become fully operational and at present, it is handling 1,43,742 number of pensioners.

Bank has 114 currency chest branches in Kerala, 1 in Karnataka and 8 in Tamil Nadu. During the year under review, Bank received Government Commission to the tune of ₹ 55.60 crore.

## 2.19 Electronic Payment Systems

Electronic Payments of the Bank are done by the Payment and Settlement Group which functions from Belapur, Navi Mumbai in the same premises from which the PSGs of other Associate Banks are also functioning. All the branches of the Bank are enabled for RTGS/GRPT/NEFT remittances. The total number of outward electronic remittances for the year ended 31.03.2013 had been at 47,55,284 registering an increase of volume by 54% as compared to an increase of 35.76% registered in the previous year. RTGS and GRPT outward transactions showed an increase of 14% and 15% respectively for the current year. NEFT transactions registered a considerable increase of 68% over the last year level. The Business Continuity Plan is in place for both RTGS and NEFT and was tested successfully a few times during the year.

## 3. Marketing Initiatives and Development of New Products

The Marketing Department of the Bank continues to play its role in facilitating customer acquisition, retention and broadening of the Bank's customer base by conducting segment centric marketing drives.

The major marketing initiatives during the year 2012-13 were:

3.1 The Marketing department's follow up efforts/liaison with the various State Government departmental functionaries, ensured that the salary of the employees of most of the State Government Departments is now disbursed through the branches of the bank. Corporate Salary Package, with attractive features, has been rolled out to cater to the customers' needs.

3.2 The Bank maintains good liaison with the State Government administrative machinery and is the preferred Bank for almost all State Government Departments.

3.3 The Bank continues to be the main bankers to all the Universities in the State and has branches in their campuses.

3.4 In the face of stiff competition the Bank succeeded in mobilising the salary accounts of over 1700 Gazetted/Non-gazetted officers of the State Secretariat.

3.5 To build up maximum growth in business by exploiting the potential available and to maintain competitive spirit among the operative staff, the following campaigns were conducted.

(i) Salary Savings Campaign (ii) Mahostav (iii) 500 days deposit (iv) Tax Saver

3.6 A major achievement of the year was leaving the Bank's footprints in the corridors of the State secretariat. This was achieved by the inauguration of the first ATM within the Secretariat premises by the Chief Minister of Kerala.

3.7 The Bank constituted the Prathibha Samman Awards during the year for honouring respectful personalities for their outstanding contributions to the society. Awards were distributed on the auspicious occasion of our 68th Foundation Day celebrations.

3.8 A scheme was formulated as per Kerala Chits Fund Act to deposit (i) 50% of the chit amount in the name of registrar of Chits and (ii) 50% of the chit amount in the form of Bank guarantee. The scheme provides ample scope for improving business.

3.9 The Bank was the sole banker to the International Film Festival of Kerala hosted by Kerala State Chalachithra Academy, from 07/12/2012 to 14/12/2012. Bank's IT department delivered a seamless automated system designed to issue delegate passes.

3.10 Bank has introduced Doorstep Banking for Kerala Medical Services Corporation for Karunya Community Pharmacy (KCP) outlets at Medical College, Kallara, Alleppey, Trichur and Kozhikode.

3.11 LCD TVs have been installed in Ernakulam and Kottayam Zone branches to display Bank's products and services. This facility is now being extended to the remaining branches.

3.12 A scheme for financing Installation of Solar Panels for in-house power generation in the households of Kerala through a tie-up with KSEB is being initiated.

3.13 Application Supported by Blocked Amount (ASBA) scheme has been extended to all branches. This provides an opportunity to the investors to apply for an IPO/FPO through any of the bank's branches.

3.14 The proposal for opening State Lottery collection account to pool the funds of each DLO has been initiated.

3.15 Salary and Pension disbursement package for KSRTC employees is in an advanced stage of implementation.

3.16 Discussions have been initiated with Revenue department for the Bank to provide an e- platform for collection of government receipts and effecting government payments.

3.17 The State Government Treasury Integration is now in an advanced stage of completion.

3.17 The State Government Treasury Integration is now in an advanced stage of completion.

3.18 Banking arrangements for e-procurement and e-tendering by Public Works & Department have been initiated and is nearing completion.

3.19 Discussions with Cochin SEZ for takeover of its accounts and the accounts of 100 odd EOUs functioning in the SEZ are on. The Bank's IT department and the Marketing department work in close coordination to ensure an end-to-end solution for the customers.

#### 4. Customer Service

4.1 Customer service in the Bank is accorded top priority and every endeavor is made to improve the quality of service to the customers and redress their grievances.

4.2 A well defined and full-fledged Customer Grievances Redressal Mechanism is put in place in the Bank. Reports on the number of complaints received / disposed / pending in the Bank as a whole are submitted to the Bank's Board and Apex level Customer Service Committee at Head Office. The Standing Committee on Customer Service, constituted pursuant to the Tarapore Committee recommendations, also reviews the quality of customer service extended in the Bank at regular intervals.

4.3 An official of the rank of Deputy General Manager is placed as head of the Customer Service Department to give greater focus on complaints received from customers and speedy redressal of complaints. The Department acts as a coordinator between the Branch and the complainant and ensures quick disposal of complaints.

4.4 As a proactive measure, apart from acknowledging each complaint immediately on receipt, senior officials at Customer Service Department endeavor to contact the complainant personally wherever contact numbers are available. Many of the complaints get resolved on the same day itself. The average time taken for disposal of complaints at Head Office /Zonal Office level has been reduced substantially. This has created a very positive effect on our customers and is widely appreciated by the customers.

4.5 Bank has provided a facility (SMS SBT CARE) to the customers whereby they can send a message by SMS, using their mobile, from any place to 9847198471 and /or 56363. The customer is contacted by the officials of the Bank and the complaints are taken up for redressal on priority.

4.6 Bank has also established a call centre with toll free number: 1800 425 5566 which enables the customers and general public to seek clarification on Bank's products, service etc. Adequate publicity through print and visual media is ensured throughout the year.

4.7 On-line complaint registration is an alternate channel activated from 13.9.2012 for customers to lodge complaints. On submission of complaint online, an automatic acknowledgement will be generated with reference number, date and name of complainant and the status of the complaint can be monitored by the complainant on-line. This channel has been well received by the customers and the on-line complaints received are resolved in time.

4.8 An Open House customer meet, a first of its kind, was arranged at Head Office this year, on 20/09/2012. 42 customers representing 18 branches attended the meet and a representative from BCSBI, Mumbai had also participated.

#### **4.9 Customer contact programme – (Meeting One lakh Customers 01/12/2012 to 12/12/2012)**

A customer contact programme was conducted during the period 1st December to 12th December 2012 in which 97,714 customers were contacted and feedback received from them were analyzed and corrective action taken to enhance customer satisfaction.

#### **4.10 A Town Hall meeting of Banking Ombudsman**

A Town Hall meeting of Banking Ombudsman was convened at Pala (Kottayam Zone), a tier II centre, on 17/01/2013, in which Banking Ombudsman of Kerala and Lakshadweep, Chief General Manager (Customer Service) from RBI Central Office and General Manager BCSBI participated.

#### **4.11 Model Citizen's charter – (A Charter for Customer services in Public sector Banks)**

Model Citizen's charter – A Charter for Customer services in Public sector Banks (Revised), approved by IBA, was adopted by the Bank and made available in Bank's public portal.

#### **4.12 Damodaran Committee recommendations**

170 recommendations of the Damodaran Committee, forwarded to the Bank by IBA, have been approved for adoption/implementation.

### **5. NRI Services**

The Bank continues to maintain the number one position in NRE deposits in the Kerala State. During the year 2012-13, NRE deposits of the Bank increased from ₹ 15,309 crore, as on 31st March 2012, to a level of ₹ 19,312 crore, thus recording a growth of ₹ 4,003 crore (26%). NRE deposits constitute 23 % of the Bank's total deposits. Three more Specialized NRI Branch was opened during the year at Malappuram, Thrissur and Kottakkal taking the total of such Branches to eight. The NRI premium Branch opened

at Trivandrum last year, recorded tremendous growth this year also. During the year, by the addition of three more currencies, the total number of currencies in which the FCNR (B) deposits can be accepted is increased to nine.

The Representative Office, at Dubai, the nine Relationship Managers posted in various Middle East countries and the Managers deputed to the two Exchange Houses under Bank's management in UAE as well as in Oman, have contributed to a great extent in canvassing the business at the point of origin and directing them to the Bank. Also Bank is planning to increase the strength of Relationship Managers in the Middle East countries for tapping the potential available in those countries to the full extent. Some of the existing initiatives like issuing the welcome kits for the new accounts opened overseas on real time basis are received well among the expatriates.

The visit of marketing teams headed by the Managing Director and the Chief General Manager to various GCC countries created positive impact among the expatriates in these countries. Similarly, the one-to-one interactions made with some of the Ultra High Net worth Individuals by the Top Executives have resulted in getting bulk business of these Individuals to the Bank.

Tie-up arrangements have been entered into with 37 Exchange Companies and one Bank situated in various Middle East countries. The remittance received through these Exchange Houses has grown by 23% in the year 2012-13. About 18% of the amounts received through remittances are retained with the Bank as deposits. The proposals for tie-up arrangements with more Exchange Houses are under active consideration and are in different stages of finalisation.

### **6. Lead Bank Scheme**

The Bank is spearheading the Lead Bank activities in three districts of Kerala State viz. Alappuzha, Kottayam and Pathanamthitta. The District Credit Plans for the year 2013-14 was launched in these lead districts during March 2013.

Kisan Credit Card beneficiaries meetings, Counseling for students seeking educational loans, Financial Literacy seminars and EDPs for different target groups were also arranged in the lead districts. A Special Campaign was conducted on Priority Sector Advances particularly for extending Kisan Credit Cards.

For widening the coverage of banking services and to facilitate Direct Benefit Transfer of various Government subsidies and Scholarship to the account of the beneficiaries, a campaign for opening of savings bank accounts was conducted by the Lead bank Offices in the Lead Districts.

The total outlay by all financial institutions in the three Lead Districts for 2012-13 was ₹ 18,273.71 crore of which the Bank's

share was ₹ 3,829.96 crore (20.95%). The disbursement under Priority Sector advances in the districts as on December 2012 was Rs.9,303.86 crore, out of which the Bank's share is ₹ 2,203 crore, which constitutes 24% of the outlay.

### 6.1 Rural Self-Employment Training Institutes (RSETIs)

Bank has started RSETIs in Wayanad, Pathanamthitta, Alappuzha, and Kottayam for providing skill upgradation training to the rural youth with focus on BPL category. The 4 institutes have trained 15,949 persons since inception and 87% of the people are women beneficiaries, majority of the trainees are reported to be successful in starting self-employment ventures. Out of 10,864 persons contacted as follow up, 8,666 were settled. The important courses includes beautician, electrical wiring, ornaments manufacturing, tally accounting, Computer hardware servicing, aluminum fabrication, kitchen gardening, mushroom cultivation with vegetable growing, mural painting etc.

The Pathanamthitta RSETI secured 'A' grade in the annual rating of RSETIs conducted by Ministry of Rural Development, Government of India for the year ended March 2012.

### 6.2 Financial Literacy Centres (FLCs)

In Bank's Lead Districts, we have started FLCs along with RSETIs for providing financial literacy & credit counseling. Their major action points include popularization of financial literacy activities, information about product and credit availabilities and arranging seminars for counseling students aspiring to pursue higher education. During this year we have added 14 more FLCs by starting FLCs in 14 branches spread over 14 districts.

### 6.3 Micro Credit/Self Help Groups

Bank continued to be active in assisting Self Help Groups (SHGs) and financing them through Micro Financing Institutions (MFIs) and Non-Government Organisations (NGOs).

91,494 SHGs were assisted up to March, 2013 with a financial outlay of ₹ 846.36 crore. During this year loan amounting ₹ 108.60 crore were disbursed to 3,124 SHGs.

## 7. Financial Inclusion

7.1 Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The Bank has opened over 17.11 Lakh No-frills accounts (Janapriya accounts). 90% of the 17.11 lakh "No-frills" accounts were opened in the state of Kerala. Joint Liability Group (JLG) schemes, Biometric Smart Card Project, General Credit Cards to the Janapriya Account Holders etc. are other initiatives in this direction.

7.2 In conformity with the directions of Reserve Bank of India, the Bank has formulated a Financial Inclusion Plan, which has been rolled out during 2012-13 and all FI villages allotted to the Bank has been covered. This plan for Financial Inclusion will be an integral part of the business plan of the Bank. The Bank's Board has also approved a 3 year Financial Inclusion plan, for the years 2013 to 2016, in tune with the Bank's future plans for Financial Inclusion as well to dovetail the business accruing from FI activities with that of the Bank's regular business plan. The Bank's Board has also approved the plan for the implementation of Direct Benefits Transfers of the Government.

7.3 The following steps/activities have been undertaken by the Bank as a part of fulfilling the Bank's commitment to Financial Inclusion.

- 35 villages having a population over 2000 have been allotted to the Bank for providing basic banking services through BF/BC (Business Facilitator/ Business Correspondents) route or by opening branches.

- Bank has provided Basic banking in these villages through the BF/BC route except in Perumanna and Mayyil village in Kerala, where new branches were opened.

- All the BCs/CSPs and Link Branch Managers have been imparted training.

- The FI Project of the bank has been christened "SBT-SAHAYA HASTHAM".

- Bank has appointed 6 Channel Managers for the FI Project.

- As of 31st March 2013, the Bank has enrolled approximately 25,000 customers under "SAHAYA HASTHAM" in the 33 FI Villages. The Bank has added 4,404 No-Frills accounts through the new branches opened at Perumanna and Mayyil villages.

- Smart cards have been issued to 21,608 customers and transactions totaling ₹ 2.30 crore have been routed through the BCs during 2012-13.

- In the second phase of FI, the Bank will be providing Basic Banking Services in an additional 14 FI Villages allotted to the Bank in Tamilnadu.

### 7.4 UID Project:

- The Bank is a registrar for Unique Identification Authority of India (UIDAI) and has engaged a UIDAI empanelled Enrollment Agency M/s. Tera Software Ltd.,

- This Financial Year the Bank has enrolled 63,314 residents under the UID Project.



## 7.5 DBT rollout of the Government of India:

- The Bank has Lead Bank responsibility in one of the districts, viz., Pathanamthitta district from among the 43 districts, selected initially for the roll out of Direct Benefits Transfers of the Government of India. Bank has nearly completed the opening of accounts for all the beneficiaries.

- The Bank has also gone in for a concerted linking of "Aadhaar" numbers to the Bank's customers' accounts. This linking is required for routing of "Aadhaar" based credits of the various Government Departments administering the Direct Benefits Transfers.

- "Aadhaar" linking of approximately 1,76,000 accounts of Bank's customers has been completed so far.

Ensuring more channels of payments to the beneficiaries of Direct Benefit Transfer (DBT) of the State and Central governments:

- The Bank is taking necessary steps to ensure the availability of various channels of delivery for the DBT payments.

- The Bank has 965 ATMs/Cash Dispensers as on 31.03.2013 and has plans to add nearly 1000 more ATMs during 2013 -14.

- The Bank has entered into an agreement with e-Governance Services India Limited, an undertaking of the ministry of Telecommunications and Information Technology under the Central government, for engaging them as Bank's Business Correspondents.

- As per the above agreement, the Bank plans to set up another 700 Business Correspondent outlets across the country in the next 3 years. This will increase the availability of outlets for those receiving Government Benefits.

- The Bank has decided to set up a branch exclusively for processing DBT payments.

## 8. Support to disadvantaged segments

### 8.1 Assistance to Schedule Caste/Scheduled Tribes (SC/ST)

The Bank continues to give due importance in extending financial assistance to meet the credit requirement of SC/ST citizens. A credit Cell is functioning at Head Office under the control of Deputy General Manager (MSME) for monitoring flow of credit to these communities. The advance to SC/ST borrowers under priority sector stood at ₹ 3,729.14 crore constituting 15.29% of priority sector lending.

### 8.2 Assistance to Minority Communities (Mcs)

The Bank continues to give due importance in extending financial

assistance to meet the credit requirement of the Minority Communities. The advances to MCs under priority sector stood at Rs 8,536 crore increased from Rs 6,968.25 crore. This works out to 35% of the Bank's priority sector advances.

## 9. Information Technology - Technology Upgradation & IT Initiatives

The Core Banking System has provided the Bank with state-of-the-art software that has greatly enhanced the efficiency of customer services, speeded up data processing capabilities, strengthened MIS, enabled efficient Asset Liability Management, reduced transaction cost and offered alternate channels to customers for transactions. The Core system is a product-based system whereby new schemes of the bank can be introduced easily with global parameter setting at CDC level. The capacity of the servers and other equipments, and other performance parameters are periodically reviewed and upgradation/addition of new equipment is arranged as and when felt necessary.

Following the April 2010 Monetary Policy, RBI has constituted a working group on Information security, Electronic Banking, Technology Risk Management and Cyber Frauds, and made recommendations in the following nine areas.

- Information Technology Governance
- Information Security
- IT Operations
- IT Services Outsourcing
- IS Audit
- Cyber Frauds
- Business Continuity Planning
- Customer Education
- Legal Issues

The bank has constituted a Standing Committee for implementing RBI recommendations. The committee has conducted a Gap Analysis for all the recommendations. The status of implementation of the recommendations in the Bank is as follows:

1) Out of the total of 105 recommendations, 44 recommendations, which do not require extensive budgetary support, infrastructural or technology changes as directed by RBI were implemented during 2011-12.

In addition to this

a) General Manager (Information Technology) has been designated as Chief Information Officer in October 2012.

b) IT Steering Committee has been constituted under the chairmanship of General Manager (Information Technology) to assist Executive Management in implementing IT strategy, reviewing the status of projects, monitoring service levels etc.

## 9.1 Alternate Delivery Channels

The CBS has facilitated effective implementation of Alternative Channels viz. Automated Teller Machines [ATMs], Internet Banking, Mobile Banking, Green Channel Counters and Point of Sale (POS) terminals. The Internet Banking facility is recognized to be the best among its class. Mobile Banking Service, which was rolled out in July 2009, is getting steady acceptance from customers. Point of Sales terminals have been successfully rolled out in the Bank during the year.

## 9.2 ATMs/POS

The Bank has a network of 965 ATMs, including 2 Bunch Note Acceptors (BNAs). 299 offsite ATMs are installed at offsite locations. 37 new ATMs were installed during the year out of which 17 ATMs are installed under the new cluster based approach, as instructed by Government of India. The network of 792 ATMs in Kerala is the largest in the State. All ATMs are part of the State Bank Group ATMs, having around 30,500 ATMs.

The Bank's ATM-cum-Debit cards are accepted in all outlets having Master Card/Visa logo. Several facilities such as Visa Money Transfer (VMT), Money Send, SBI Credit Card payment, SBI Life Premium payment, Mobile recharge, Donation, Fee payment, JMET/GATE Application Fee payment, Mobile Banking registration, Cheque Book order etc. have also been enabled in the ATMs.

The Bank has a card base of 66.32 lakh as on 31.03.2013, which translates into an increase of 22.24% over the card base as at the end of the previous year.

## 9.3 Internet Banking

- The Bank offers a convenient and efficient Internet Banking (INB) facility through 256 bit EVSSL (Extended Validation Secured Socket Layer) encryption. This provides more security to Internet Banking customers against phishing/hacking threats.

- Internet Banking Cell, has been consistently generating income for the last three years, and has now proved to be a profit centre.

- Total Internet Banking registrations stood at 5,61,172 as on 31st March, 2013 out of which 4,89,557 are retail INB customers and 71,615 corporate customers. 1,07,296 new registrations were made during the FY 2012 – 13. The average number of internet banking customers per branch stood at 598.

- Bank could channelize 69.08 lakh transaction during FY 2012 – 13, through internet banking channel, out of which 34.48 lakh were inter branch funds transfer transaction, 5.19 inter-bank transaction, 11.11 lakh various tax transaction and 18.30 bill payments/merchant transaction. Per day INB transaction during FY 2012 – 13 is 18,926 as against 13,718 during the year 2012 –

13.

Suitable Anti phishing measures have been introduced.

## 9.4 Mobile Banking Service (MBS)

Mobile banking provides Bank's customers with another safe, secure, fast and convenient channel for banking transactions. The services provided includes enquiry services, funds transfer, demat account services, bills payment, mobile top up, DTH recharge, m-commerce etc. The daily limit for MBS transaction is ₹ 50,000/- for aggregate of funds transfer & transactions involving purchase of goods & services, within an overall calendar month limit of ₹ 2,50,000/-.

Interbank Mobile Payment System (IMPS) in Mobile Banking Services was launched during this year.

The Bank has activated 68,544 new Mobile Banking registrations during the year i.e. an increase of 92.48% over the registrations as at the end of previous year. The total number of MBS registrations as on 31.03.2013 stood at 1,42,664.

A slew of value-added applications were developed for customer's convenience.

- Electronic Submission of Bank Realisation Certificates – eBRC
- Directorate General of Foreign Trade, Ministry of Commerce and Industry has requested that the Bank Realization Certificates should be submitted electronically for helping the trading community. eBRCs are digitally signed and then uploaded to DGFT web server.
- Automation of Central Plan Scheme Monitoring System (CPSMS)
- Downloading of files from SFTP server to staging server and upload of processed files to CPSMS server was automated.
- Loan Origination Software (LOS) for Car Loans
- We have developed in-house Loan Originating Software for Car loans.
- Implementation of New Pension Scheme (NPS)
- e-Scroll Creation for Central Civil Pension
- Creation of Electronic Format for Central Civil Pension Payment Scroll was completed and the data was submitted to Central Pension Accounting Office (CPAO) after obtaining feedback from Centralised Pension Processing Cell.

## Other achievements

- Implementation of Aadhar Enabled Payment System (AEPS)

- Government of India had launched direct benefit transfer (DBT) from 01.01.2013. For enabling Aadhar based payments, Aadhar Payment Bridge System (APBS) was introduced by NPCI. The bank is one of the first banks to become the member in the Aadhar bridge.

- Implementation of Central Plan Scheme Monitoring System.

- Implementation of Cheque Truncation System (CTS) in all MICR centres in the southern grid.

- Migration to I0 series IP from 3 I series in all the branches/offices.

- Migration to Active Directory Services (ADS) in all the branches/offices.

- Automation of SC/BP instruments.

- Automated Data Flow – Automation of 8 more reports which are to be submitted to RBI, completed thus taking the total number of automated reports to 40.

## 10. Business Process Re-engineering (BPR) Initiatives

10.1 With the objective of improving performance and enhancing customer service to global standards, the Bank has embarked on implementation of various BPR initiatives by leveraging on its core competencies, state of the art technology and redesigned operating architecture.

10.2 Retail Assets & Small and Medium Enterprises City Credit Centres (RASMECCCs) for appraisal, sanction and disbursement of loans in Retail, Small & Medium Enterprises segments have been set up at 9 major centres. This has enabled the Bank to reduce the response time in these centres, thereby, improving the level of customer satisfaction. It has also enabled standardization of internal processes leading to improved quality of assets. Multi Product Sales Teams have been established at 7 centres attached to RASMECCC to target specific markets, for canvassing.

10.3 Bank's Rural Central Processing Centres (RCPC), are set up at Palakkad and Ponkunnam for processing and sanction of Rural credit.

10.4 Currency Administration Cells have been established at 13 centres linking 199 branches for better cash management. Another 5 centres are in the pipeline linking 56 more branches.

10.5 Stressed Assets Resolution Centres (SARCs) have been rolled out at 8 centres for more focused attention on recovery of stressed assets and to upgrade the quality of assets.

10.6 Pension processing has been centralized at the Centralised Pension Processing Centre (CPPC) set up at Thiruvananthapuram.

This Centre covers all pension accounts of all the Kerala branches. The Centre ensures accuracy in pension calculations, timely disbursement of pension and quick settlement of transactions.

10.7 Centralised Clearing Processing Centre (CCPC) is established at Thiruvananthapuram and all the branches attached to Thiruvananthapuram Clearing House are linked for processing of both inward and outward clearing Cheques. Our Bengaluru, New Delhi, Hyderabad, Chandigarh and Kolkata centres are CTS enabled and Chennai and New Delhi CCPCs are handling the Grid based CTS.

10.8 Trade Finance Central Processing Centres, aimed at ensuring efficient and uniform handling of transactions related to inland and foreign trade and Bank Guarantees by experienced personnel, have been rolled out at Ernakulam and Chennai linking 46 branches.

10.9 A Liability Central Processing Centre (LCPC) has been established at Thiruvananthapuram to provide back office support to branches, in opening and servicing of liability accounts such as Savings Bank and Current Deposit Accounts. The Centre provides pre-generated Welcome Kits to the linked branches consisting of ATM cards and cheque books. This facilitates the customers to operate the accounts immediately after opening the account.

10.10 Drop Boxes have been provided at the branches for hassle free and safe handling of instruments deposited. Grahak Mitras have been positioned at select branches to proactively guide the customers in conducting transactions. Relationship Managers have been posted at select branches to extend personalized services to the customers.

10.11 Contact centre set up at Bengaluru for providing information on the Bank's products and services, ATM card issue status and blocking of lost/damaged cards. Lead Management System was rolled out on 23rd November 2012 which provides the Bank a tracking mechanism for business leads, generally received through Contact Centre queries on Products enquiry calls. It can also be effectively be used as marketing tool-campaign management. Calls received in five languages viz., Malayalam, English, Hindi, Tamil and Kannada are being attended.

The above major BPR initiatives implemented by the Bank are contributing to improvement of the overall efficiency, service delivery, customers' convenience and business growth.

## 11. Internal Control Systems & Supervision

### 11.1 Integrated Risk Management

Bank's risk management philosophy is based on a clear and timely identification of various types of risks, accurate risk assessment and measurement procedures and continuous monitoring. The

Integrated Risk Management facilitates the Bank to have a holistic view of the risk management. Modular structure under Integrated Risk Management has various divisions focused on management of a specific risk – Asset Liability, Market Risk, Credit Risk, Operational Risk, and Information Systems security.

The risk management architecture of the Bank consists of the Board of Directors at the top having overall responsibility to implement Risk Management Systems in the Bank. To this effect, Risk Management Committee of the Board supervises the overall risk management functions of the Bank. In line with the modular structure of Integrated Risk Management, there are various risk management committees to have focused attention on various risks, viz. Asset Liability Management Committee (ALCO), Market Risk Management Committee (MRMC), Credit Risk Management Committee (CRMC), and Operational Risk Management Committee (ORMC). The General Manager (Risk Management) is designated as the Chief Risk Officer (CRO). The Integrated Risk Management Department headed by Deputy General Manager is responsible for the overall daily management of risks at micro level. For management of various risks, Bank has in place various policies and procedures.

11.2 The Asset Liability Management (ALM) system has been implemented in the Bank since April 1, 1999 as per the Reserve Bank of India guidelines on ALM and Liquidity Risk Management. As per the Bank's ALM Policy, the Asset Liability Management Committee (ALCO) is authorised to evolve appropriate systems and procedures for ongoing identification and analysis of liquidity and market risks and to prescribe parameters for efficient management of these risks. The ALCO headed by Managing Director meets regularly to review and monitor the same.

Liquidity and interest rate risks are identified, measured and monitored by the ALCO through the prescribed statements, viz. Statement of Structural Liquidity, Statement of Short Term Dynamic Liquidity, Statement of Interest Rate Risk Sensitivity (Traditional and Duration Gap methods), Stress Testing on Liquidity and Earnings etc. ALCO discusses these statements in detail and takes corrective actions whenever necessary. As per the Bank's ALM Policy, a Contingency Funding Plan is reviewed on a quarterly basis. Bank's Benchmark Lending Rates (Base Rate and BPLR) and Card Rates for Deposits are discussed and decided by the ALCO. The ALCO also discusses the economic developments and monitors the changes in the market on an ongoing basis.

Market Risk is largely managed through adherence to various Position Limits, Stop Loss Limits, Value at Risk (VaR), Management Action Triggers (MAT) and Cut Loss Triggers (CLT) etc. The Bank is in the process of upgrading the present software so as to compute Market Risk Capital Charge as per the advanced approaches under Internal Models Approach.

For Credit Risk management, the Bank has a structured and

standardised credit approval process which includes comprehensive credit rating of proposals. For retail loans, Bank uses a risk scoring model. Bank has in place various exposure limits for single borrower, group of borrowers, specific sectors, industries etc. as per regulatory requirement and as per its internal policies. Bank takes up regular reviews of its various loan portfolios to assess the risk profile and initiates proactive measures.

Other risk prone operational areas of the Bank's business are monitored and proactive actions for improvement are initiated in consultation with other departments like Inspection, Systems & Procedure, Frauds Prevention, and Monitoring & Recovery etc.

### 11.3 Information Systems Security

With technology becoming all pervasive in banking operations, the Information Systems Security Cell plays a pivotal role in spreading awareness on various security measures among staff through various channels including e-mails, circulars, pamphlets etc as also Bank's training system.

The Bank is closely monitoring the roadmap for migration to advanced approaches under Basel II and Basel III norms. In this direction, Integrated Risk Management Department has been conducting various programmes to disseminate the risk management knowledge to the operating units. This has resulted in better awareness among the operating staff about the various risks, importance of accurate data for computation of capital charge, need for capital conservation, and in general better risk management orientation.

### 11.4 Inspection and Supervision

Internal Audit/Inspection is an independent appraisal of operations of various Systems and Controls within an organisation to determine whether acceptable policies and procedures, designed to add value and improve an organisation's objectives, are followed and resources are used efficiently and economically. Inspection and Audit Department at Head Office monitors various risk parameters by conducting regular Internal Inspection, IS Audit, Compliance Audit of Branches and System Audit of various Head Office Departments and Modules.

Apart from the above, Bank has put in place an effective institutional mechanism for Risk Based Supervision through RBS Cell in the Inspection Department. As envisaged by the Regulator, the Bank introduced Risk Focused Internal Audit (RFIA) under RBS w.e.f. 1st April 2003. With effect from 1st April 2010, score for Business Parameters has been taken out of the purview of the RFIA. Based on the guidelines on Internal Audit issued by Government of India, Bank's Inspection & Audit Policy has been suitably modified. The Bank has also incorporated the RBI guidelines on Information System Audit in the IS Audit Policy.

Subsequent to migration to Core Banking, as constant up-gradation

in technology, corresponding changes have been brought in, especially in the area of Audit Rating, Audit Report Formats, grouping of branches, sampling norms and periodicity of inspection. Various user friendly formats have been introduced for Cash and Gold verification, FEMA Audits, Tax Audits, IS Audits etc. The Department is also involved in the area of monitoring Concurrent Audit of designated branches and movement of audit rating of these branches.

In order to instill knowledge and to improve the quality of various reports, the department is imparting training for the existing and newly joined inspecting officials in the area of RFIA, IS Audits and Concurrent Audit. With a view to improve the efficiency of Internal Audit, the Bank is awarding Certificates to those Branches who have secured highest rating in two successive audits. In order to improve the observance of systems and procedures, the Bank has introduced Dynamic Rating System in terms of which penalty of negative marking will awarded for false compliance submitted by the branches.

### 11.5 Credit Audit

The audit of loan appraisal and administration for high value credit accounts with the aim of improving the asset quality of the bank is undertaken by the Credit Audit Department. Accounts with total exposure of ₹ 2 crore and above are covered under Credit Audit. The Department conducted audit of 1075 accounts during the year, covering the pre-sanction, post sanction compliance and follow up aspects. The Department had also conducted credit audit of 4 accounts with exposure below ₹ 2 crore and above ₹ 1 crore on a random basis during the year.

The marks awarded by the credit auditors are normalized by the internal auditors under Credit Risk Management to arrive overall risk rating of the branch.

The Bank ensures that GOI and RBI directives/instructions received are being complied with promptly. During the year, the level of compliance of important RB I and GOI directives received upto 31.03.2013 is 100%.

Monthly reports of performance of the Department are regularly submitted to the Audit Committee of the Executives for information and the review reports are being submitted to the Audit Committee of the Board at its next meeting.

### 11.6 Inter-Office Reconciliation

The Bank has completed reconciliation of Inter branch accounts upto December, 2012. 100% reconciliation of debit entries has been achieved from 01/04/2009 to 31/12/2012, which is in conformity with RBI stipulations.

### 11.7 Compliance

The Bank ensures timely compliance in submission of various statutory and regulatory returns and also prompt replies to references received from the Government of India / Reserve Bank of India and other institutions viz., State Bank of India, Indian Banks Association etc. The Chief Compliance Officer monitors the Compliance function effectively on an on-going basis to ensure that regulatory guidelines issued by RBI, GOI & other regulatory authorities are duly captured in the Bank's policies and laid down instructions and that they are complied with at all levels. The Chief Compliance Officer further apprises the Audit Committee of the Board and the Group Compliance Officer of material breaches identified or reported along with the plan for mitigation of breaches.

### 11.8 KYC Norms & AML/ CFT Measures

The Bank has put in place a Board approved revised policy and procedural guidelines on Know Your Customer (KYC)/Anti Money Laundering (AML) /Combating of Financing of Terrorism (CFT) measures in line with the master policy and subsequent guidelines issued by Reserve Bank of India. A dedicated KYC-AML Cell is functioning in the Head Office to oversee the compliance of KYC/AML/CFT measures. Dy. General Manager (Compliance) is the designated Principal Officer for KYC/AML in the Bank.

As per the policy, the branches are to obtain photograph, identity proof and address proof while opening the new accounts. Customer acceptance and Customer identification are the most important pre-requisites in the opening of new accounts. Branches also have been advised to update the identity proof and address proof the existing customers at regular intervals, presently all High and Medium Risk CIF should be updated once in two years and for Low risk CIF the period is once in 5 years. Controllers during their visits to the branches as also the Auditors and Concurrent Auditors, verify compliance of KYC norms while opening accounts.

In order to delineate the roles of operating level functionaries for implementing the KYC/AML/CFT measures formulated by the bank and making the reporting structure complete, all branch heads up to Scale IV have been nominated as Assistant Money Laundering Reporting Officers (AMLRO). All controllers and branch heads in Grade/ Scale V & VI have been nominated as MLROs. For all BPR initiative offices also, the above arrangement holds good ie: all heads up to Grade/ Scale IV as AMLROs and those in Grade/ Scale V as MLROs. All MLROs report to Principal Officer (P.O.) under advice to their DGM/GM. The responsibility for reporting STRs/ CCRs in respect of transactions passing through their branches/units rests with the respective AMLROs/MLROs.

Monitoring of transactions is done with a view to submit the required reports to Financial Intelligence Unit-India, (FIU-IND), mandated by Prevention of Money Laundering Act 2002. With a

view to implementing and supporting monitoring of transactions, the Bank has acquired appropriate software which is processing all transactions handled by all branches of the Bank, on a day to day basis. Monthly Cash Transaction Reports (CTRs) and NPO Transaction Reports (NTRs) are being generated by the system for submission to FIU-IND. Suspicious Transaction alerts are generated daily, for analysis by the KYC-AML Cell. After due analysis, suspicious transactions are reported to FIU-IND through Suspicious Transaction Report (STRs), where ever felt necessary. Counterfeit Currency Reports (CCRs) are also being submitted to FIU-IND as and when detected.

KYC/AML Cell is maintaining a web site to provide relevant and up to date information for Branches/Administrative Offices.

Training on KYC/AML is being imparted on an ongoing basis in the Bank. Staff awareness programmes are conducted regularly through seminars at Zonal/Regional Office levels, Learning Centers and during branch visits.

### 11.9 International Financial Reporting Standards

As per the Road Map laid down by the Ministry of Finance, Government of India, all Scheduled Commercial Banks are to convert their opening Balance Sheet as on April 01,2013 in compliance with the converged IFRS. The implementation of IFRS would result in one set of high quality, globally accepted accounting standards that would bring uniformity in reporting.

The bank being a member of the State Bank Group, will be taking a common group approach on convergence to IFRS. Suitable software for capturing IFRS compliant data is being developed by M/s Credence Analytics (I) Pvt Ltd together with Associate Banks Integrated Treasury.

An IFRS Cell has been formed in the Bank at Head Office; Finance & Accounts Department to exclusively handle IFRS related work. A Core Team has been formed for compiling IFRS compliant data required by SBI. All relevant data up to the FY 2011-12 has been submitted to SBI, IFRS Dept Mumbai.

### 12. Security Arrangements

During the year, no loss due to security breach in the Bank is reported. Based on the Risk assessment security Guards have been posted at the vulnerable Branches. Manning of the Currency Chests is by our own Armed Guards, this is being ensured as also the essential safe guards like fire alarm, burglar alarm and introduction of CCTVs. Head Office Security has been strengthened and Control Room is manned round the clock by Fire men inducted recently. Our Controllers, Chief Security officer, respective security officers and Fire Officer are constantly monitoring the security measures at the Branches and are taking immediate remedial measures wherever necessary.

## 13. Vigilance Machinery and Frauds Monitoring

### 13.1 Preventive vigilance measures

Due to initiation of Preventive Vigilance mechanism through various measures, such as surprise inspections, branch visits, circulars, meetings workshops etc; we could inculcate a positive compliance measures from vigilance angle among all the functionaries and also towards adherence to systems and procedures.

As a part of educative vigilance, the Vigilance Department officials are handling sessions on Preventive Vigilance at Bank's training programmes, especially for the benefit of newly recruited Probationary officers/Promotee officers highlighting the importance of adherence to systems and procedure and the need to demonstrate probity in public life all the time.

The Bank issues circulars every quarter furnishing the modus operandi of fraud cases so as to avoid recurrence of similar instances. Surprise Inspections, at branches, are being conducted as part of Preventive Vigilance measures.

Structured meetings/conferences and branch visits were conducted by the CVO at various Zones of the Bank/branches to propagate and ensure the implementation of Preventive Vigilance mechanism in the Bank in its true spirit so as to boost the morale of the work force and to ensure sustainable business development.

### 13.2 Vigilance Newsletter "SBT VIGIL"

For the first time, Vigilance News letter viz SBT-VIGIL was introduced and the inaugural issue was released in July 2012. This has facilitated the Vigilance Department to directly communicate vigilance related information to the branches and other administrative offices.

### 13.3 Technology Initiatives

Leveraging technology in vigilance administration has been given priority viz E-VVR checking, E-tendering software solutions, Biometric access to CBS etc. SBI has rolled out E-VVR package in Associate Banks on a test run basis and very soon the E-VVR checking will be introduced in all the branches. As a part of technology initiative and also to comply with the CVC guidelines, we propose to have end-to-end e-tendering package in the Bank for procurement, the preliminary work in this regard has commenced. SBI has rolled out biometric access to CBS recently and it is expected that same may be extended to Associate banks shortly.

### 13.4 Rotation of officers in Sensitive Post

There were 169 officers holding the same position for more than 3

years. A review has been made and the number has been reduced to 67. The rotation of officers posted in sensitive places is reviewed periodically.

### 13.5 Vigilance Study Circle

The CVO's of various PSUs/PSBs in Kerala established a separate Kerala Chapter of Vigilance Study Circle. Accordingly, the Vigilance Study Circle Kerala Chapter was inaugurated on 22nd March 2013 by Shri. R. Sreekumar IPS (Retd), Vigilance Commissioner, Central Vigilance Commission.

### 13.6 Training Programmes conducted by Vigilance department

A one day workshop for disciplinary authorities was conducted on 19/01/2013. The sessions were handled by eminent speakers from CVC and CBI. Thirty Eight Senior officials dealing with disciplinary proceedings from various Zones/regions of our Bank attended the workshop and the feedback received from them was excellent on the usefulness of the workshop.

### 13.7 Conference of CVOs of South based Public Sector Banks

A conference of CVO's of south based Public Sector Banks was hosted by us on 16.06.2012. Nine CVOs attended the conference. The conference provided a platform to discuss and share the best vigilance practices adopted in various banks and common problems/ difficulties faced by CVOs. The report was sent to CVC, DFS, and MOF.

### 13.8 Preventive Vigilance Committees at branch level

As part of monitoring preventive vigilance activities, Preventive Vigilance committee has been set up in branches where staff strength is 10 and above. This covers 50% of the total branches of the Bank. Minutes of the periodical meetings are being monitored by the CVO, and corrective measures, if deemed necessary, are informed to the management. All other branches having Staff Strength of below 10 have also been advised to discuss vigilance matters in the monthly staff meeting.

### 13.9 Vigilance Awareness Week

Vigilance Awareness Week was observed from 29/10/2012 - 03/11/2012 with administration of pledge to all employee at Head office/other offices/branches. This year's topic for Vigilance Awareness week was "Transparency in Public Procurement".

In connection with Vigilance Awareness Week the following programs were conducted

- Essay / quiz competition for staff, quiz competition for college students.

- Talks on "Prevention of Corruption" were made by Shri. Vinson M Paul, Additional Director General of Police and Shri.Venugopal K Nair, Director, Vigilance & Anticorruption, Government of Kerala.

- CVO gave a talk on "Importance of Vigilance practices within the organisation" to the staff of Khadi & Village Industries Commission on 29/10/12 and "Importance of Vigilance practices within the organisation" to the employees of M. G. University at Kottayam on 30/10/2012.

- Honesty Awards were given to 14 children for their various acts of honesty during the Vigilance Awareness Week and Alertness Award was given to 11 staff members whose action helped in preventing frauds.

- Elocution competition, seminars and meetings were conducted in various Zones of the Bank.

## 14. Right to Information Act

The Right to Information Act, 2005 has been implemented in the Bank since 2005 – 2006. The Deputy General Manager (Compliance) at Head office has been nominated as the Nodal Officer under the Act and a system has been put in place to receive the applications / queries from the public seeking information about the Bank and related matters and to furnish prompt replies within the time frame stipulated under the Act. Central Public Information Officers, Asst. Central Public Information Officers and Appellate Authorities have also been nominated at Head Office and Module offices in terms of the Act. During 2012-13, 695 applications were received under the Act and all the applications were disposed of promptly and within the time frame.

## 15. Human Resources Development & Industrial Relations

15.1 Staff Resources & Recruitments: As on 31-03-2013, the Bank had on its rolls 12,525 members of staff, comprising 5,093 officers, 5,351 clerical and cash department staff and 2,081 subordinate staff inclusive of 375 Maintenance Staff. The number of women employees and ex-service personnel constituted 4,769 and 1,300 respectively of the total work force. Out of the women employees, 1,504 are officers, 2,699 non-subordinate staff and 566 subordinate staff. The Bank has also on its rolls 190 persons with disability.

**Bank's Staff Strength as on 31st March, 2013:**

Staff Strength PARTICULARS	TOTAL	OF WHICH				
		SC	ST	EX- SER	WOMEN	PWD
Officers	5093	649	145	137	1504	62
Clerical	5351	701	160	483	2699	118
Subordinate (Exc. MS)	1706	410	77	680	284	8
Maintenance Staff	375	114	5	-	282	2
<b>TOTAL STAFF</b>	<b>12525</b>	<b>1874</b>	<b>387</b>	<b>1300</b>	<b>4769</b>	<b>190</b>

15.2 During the year, 527 staff was recruited (400 in the officers' cadre, 21 in Non – Subordinate and 106 in the subordinate cadre).

NO. OF STAFF RECRUITED – 2012-2013	
CADRE	TOTAL
Officers	400
Clerical	21
Sub-staff (Including Maintenance Staff)	106
<b>Total</b>	<b>527</b>

15.3 During the year 51 employees were promoted from subordinate to non-subordinate cadre, 414 employees were promoted from clerical cadre to the Officers cadre and 824 promotions within Officers' cadre

**15.4 Staff Productivity:** Business per employee improved from Rs10.66 crore as at the end of March 2012 to Rs12.59 crore as at March, 2013. Net Profit per employee has improved from Rs.4.20 lakh in March 2012 to Rs.5.06 lakh for the year ended March 2013.

**15.5 Training**

Training programmes are conducted at Bank's Learning Centres at Thiruvananthapuram and Ernakulam with the objective of updating the knowledge, improving skills and reorienting the attitude of the

Officers and employees on an ongoing basis with particular reference to areas of corporate goals/concern areas.

During the year under review 236 training programmes were conducted imparting training to 3,047 officers, 1,553 non-subordinate staff and 203 subordinate staff.

In addition to in-house training programmes, 872 officers were deputed to Apex Training Institutions of the State Bank of India like State Bank Staff College Hyderabad, State Bank Academy Gurgaon, State Bank Institute of Rural Development Hyderabad, State Bank Institute of Information and Communication Management Hyderabad, RBI Institutions like College of Agricultural Banking, Pune, National Institute of Bank Management Pune, Institute For Development and Research in Banking Technology (IDRBT) Hyderabad, Centre for Advanced Financial Research and Learning (CAFRAL) etc. Some Officers were also deputed for training at BIRD Lucknow, IIBF Mumbai, IMI New Delhi etc.

**• Overseas Training**

During the last financial year 8 Senior Executives of the Bank were sent for attending various conferences and Training Programmes held at Leading Business Schools like Stanford Business School USA, Kellogg School of Management USA, SDA Bocconi College of Management, Milan, European School of Management at Berlin, ESSEC Business school, Paris, Ghent University, Belgium etc.

**• Pre Recruitment and Pre-Promotion Training to SC/ST/OBC**

Pre-recruitment training programmes were conducted for candidates belonging to SC/ST/OBC/Physically handicapped/Minority Community & Ex-servicemen categories appearing for written examination for selection of Clerical Staff in Associate Banks of SBI. Classes were conducted at two centres at Thiruvananthapuram and Ernakulam. 1,098 candidates belonging to the above categories attended the training.

Pre Promotion training and Mock Interviews were conducted for employees belonging to SC/ST category, appearing for promotion from Sub-ordinate to Non subordinate cadre, non-subordinate



cadre to officer cadre and from JMGS-I to MMGS-II. 115 Employees and Officers have attended these programmes.

• **Orientation Programme for Newly Recruited Employees**

Orientation training was imparted to 396 newly recruited Probationary Officers. Orientation training was also imparted to 264 officers promoted from the clerical cadre under Group A, B & D. Intermediate Programme was conducted for 360 Probationary officers.

• **SBT Leadership Meet**

Bank has conducted a workshop for all top executives of the Bank to discuss and find solutions to the key challenges faced by the Bank and also to build a strong business leadership under the guidance of the Managing Director and the Chief General Managers. In the workshop eminent faculty from top business schools of the country has participated and guided the participants in the preparation of their plans.

• **Assistant General Managers' Meet**

A similar workshop was conducted for all Asst General Manager level Officers of the Bank at three different locations at Chennai, Ernakulam and Thiruvananthapuram where the participants are encouraged to formulate action plans for development of business of the Bank as well as to find solutions for the challenges faced by the bank, under the guidance of the Managing Director and other top management functionaries.

• **Training Programmes on Customer Service**

Customer service is of paramount importance in banking business. Bank has conducted a special training programme for the frontline staff on customer service and soft skills engaging the services of a specialised customer service training institute. 634 employees and Officers attended the training.

**15.6 Reward & Recognition**

Bank has formulated a scheme to recognize and motivate high achievers among the branches by awarding the honour of MD's Club, CGM's Club and GM's Club membership to top performing branches. Fourteen branches were selected for membership of MD's Club/CGM's Club/GM's Club for the year 2012-13 and they were felicitated at a function at Thiruvananthapuram.

**15.7 Human Resources Management Solutions(HRMS)**

• **Project HRMS**

Project HRMS was initially set up by State Bank of India to automate, integrate and centralize HR processes of the Bank. Thereafter, in addition to SBI, all the Associate Banks have also joined HRMS platform. Thus HRMS has not only become a single and central source of information tool for the decision takers and policy makers enabling efficient HR Management but also a tool for employee satisfaction through transparent and time bound monetary transactions relating to emoluments and perks payment

through uniform interpretation of the Bank's instructions as well as other services. Bank has rolled out the Project HRMS from 01.04.2012 and at present, the employees can make use of the following services through HRMS Portal viz. Centralized salary processing & payment, Centralised payment of all kind of employee reimbursements, Automation of Performance Appraisal & Promotion Appraisal Forms. Bank also plan to add the following services in near future through HRMS viz. Automation of Gratuity Payments & Centralized Payment of terminal benefit settlements, Automation of Travelling Bills, Automation of New Pension Scheme, Automation of Scholarship payments, Automation of Leave Encashment/ LFC Encashment, Automation of Payment of fees / honorarium for approved exams, Automation of Payment of various Rewards & Recognition to staff, Automation of leave and attendance, Automation of Medical bill approval & payment. Bank also derives the following benefits out of automation of HR viz, consolidated & detailed data available immediately for informed decision making, saving of man hours which can be utilised for other areas like marketing, recovery etc., helpful for employee identification and prevention of impersonation/ fraud etc., besides resulting the cost savings to the Bank, reduction of paperwork, telephone/fax.

**15.8 Staff - SC/ST Cell**

The Bank has designated an Officer of General Manager rank as Chief Liaison Officer for SC/ST. The Bank also has a separate SC/ST Cell headed by a Manager at Head Office and assisted by Liaison Officers at the seven Zonal Offices and two Regional Offices (Mumbai and New Delhi) to protect the interests of SC/ST employees. The Cell at Head Office arranges periodic meetings of the representatives of the SBT SCs/STs Staff Welfare Association with the Top Management to listen to and redress their grievances. The Bank has already provided a well-furnished office with telephone and computer to the Association. Check-off facility for payment of subscription by the members to the Association also has been provided. The Cell is also conducting meetings of Liaison officers of all the Zones/ Regional Offices at quarterly intervals. Such meetings are presided over by the Chief Liaison Officer to discuss issues, if any, pertaining to respective area. The General Manager (H R) also invariably participates in the meeting. The action points which emerge in such meetings are meticulously followed up to redress the issues.

The other tasks undertaken by the Cell are:

- Ensuring compliance, by the Bank, with orders and instructions pertaining to the reservation in favour of SCs/STs in the matter of recruitment/promotions and other service benefits such as relaxations/concessions admissible to them.
- Ensuring the placing of an Annual Review Report on the progress of implementation of reservation policy for SC/ST before the Board of Directors.
- Ensuring that while making reference to the Ministry of Finance

(Banking Division) regarding de-reservation of reserved vacancies, the de-reservation proposal has been made with the full knowledge and concurrence of the Chief Liaison Officer.

- Ensuring that the Bank takes appropriate steps to provide all help and co-operation to the National Commission for SCs and National Commission for STs.
- Ensuring that GOI's directions are followed in respect of DPCs/ Selection Committees pertaining to SC/ST/MC members.
- Ensuring proper implementation of the Reservation Policy by conducting annual inspection of the rosters maintained in the organization.
- Acting as Liaison Office between Bank and the Ministry of Finance, Govt. of India and National Commission for SCs, STs, OBCs and Minority Communities for supply of information, answering questions and queries and clearing doubts in regard to matters covered by the reservation orders.
- Cases of suspicious caste certificate are referred to a three member Scrutiny Committee constituted by the respective State Governments and followed up closely. In verified cases, actions as recommended by the Scrutiny Committee are taken.
- Reservation policy has been implemented in the Bank for Scheduled Castes and Scheduled Tribes from 1972 in direct recruitment and from 1978 in promotion.
- Reservation at 15% for SCs and 7.5% for STs is provided in direct recruitment for Officers cadre. In direct recruitment to Clerical and Sub-Ordinate staff cadres percentages of reservation as applicable in each State is provided for SCs and STs respectively. In promotion from Clerical cadre to Officers cadre 15% and 7.5% of the vacancies are reserved for SCs and STs. Likewise in promotion from subordinate to clerical cadre 15% and 7.50% of the vacancies for SCs and STs respectively are provided where element of direct recruitment does not exceed 75%.

The staff data as on 31.03.2013 before updating Retirements

Category	Total	SC	%	ST	%
Officers	5093	649	12.74	145	2.85
Clerical	5351	701	13.10	160	2.99
Sub-staff	1706	410	4.03	77	4.51
Maintan-Staff	375	114	30.40	5	1.33
Total	12525	1874	14.96	387	3.09

Post based roster which shows a clear picture of implementation of reservation rules is maintained in the Bank, in accordance with the Government of India guidelines. Such rosters are being verified by the Chief Liaison Officer for SCs and STs annually.

Whenever backlog of reserved vacancies for SCs and STs occur, such vacancies are filled through special recruitment. Last such special recruitment was conducted during 2009-2010 wherein 34 SC candidates and 12 ST candidates were recruited in Officers cadre. As at the end of March 2013, the position of backlog is as follows.

Backlog under Direct Recruitment to:

Sl.No	Cadre	Category	
		SC	ST
1	Officer	--	38
2	Clerical	16	19
3	Maintenance Staff	21	3

Backlog under Promotion from:

Sl.No	Cadre	Category	
		SC	ST
1	Clerical to Officer cadre	15	71
2	Subordinate to Clerical cadre	17	15

Backlog of ST vacancies under promotion from clerical cadre to Officer Cadre is due to non-availability of candidates in feeder cadre.

The following concessions/relaxations are made available to employees in the SC/ST category.

- Relaxation upto 5% and 10% of the required qualifying marks in written test and interview respectively is allowed in direct recruitment to subordinate and Clerical cadre.

- Relaxation upto 5% and 10% of the required qualifying marks in written test and interview respectively is allowed in promotion from clerical cadre to Junior Management Grade Scale- I under Group –A and Group –B channels.
- 5 years relaxation in upper age limit is allowed to candidates belonging to Scs and STs in recruitment to subordinate, clerical and Officer Cadres.
- 5 years relaxation in upper age limit is allowed to candidates belonging to SCs and STs in promotion from Clerical cadre to Officer Cadre under Group- B channel.

In recruitment, the total number of vacancies and number of vacancies available for SCs and STs are advertised extensively in newspapers.

Pre-examination trainings were conducted at Thiruvananthapuram and Ernakulam Centres, for SC & ST candidates who applied for recruitment as Clerks in Associate Banks of State Bank of India. Around 1,098 candidates (including candidates belonging to MC and OBC categories) attended the training. Similarly pre-promotion training to SC/ST employees were also conducted for promotion from Subordinate cadre to clerical (SWO-A) and clerical to Officers under Group A, B and D channels.

#### 15.9 Activities of Minority Communities [MC]/Other Backward Communities [OBC]/Persons with Disability [PWD] /Ex-Servicemen [EX-SER] Cell

The Bank has designated an Officer of General Manager rank as Chief Liaison Officer for OBC Cell and PWD/Ex-Servicemen Cell. The Bank has also designated an Officer of Deputy General Manager rank as Chief Liaison Officer for Minority Community. MC/OBC/PWD & Ex-Ser Cell assisted by Liaison Officers at Head Office, Seven Zonal offices and two Regional Offices are functioning to protect the interests of the employees belonging to the respective sections.

##### The Cell ensures:

- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of Ex-Servicemen and Physically handicapped in the matter of recruitment/promotions and other service benefits.
- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of MC/OBC in the matter of recruitment and other service benefits.
- The Bank takes appropriate steps to provide all help and co-operation to the backward classes Development Corporation.

#### 15.10 Industrial Relations

- The time tested mechanism of bilateral negotiations at various levels of the organisation with the Employees' Union and the Officers' Association through periodical structured meetings and redressal of the issues ensured harmonious and cordial industrial relations in the Bank throughout the year.
- Bipartite meetings were held with Employees' Union and

Officers' Association at Bank level. Our Bank attended the Bipartite meeting held with State Sector Bank Employees Association (SSBEA) on 21/06/2012 at Chandigarh. Staff Welfare Committee and Sub committee meetings of SWF were held 7 times during the year.

- At the industry level, there were two days strike by United Forum of Bank Unions on 22nd and 23rd August 2012, one day strike by AIBEA and BEFI on 20th December, 2012 and two days strike by United Forum of Bank Unions on 20th and 21st February, 2013.
- New Grievance Redressal System introduced in our Bank on 24.12.2012, which provides for faster disposal of grievances of the Staff members at all levels.
- The new site for booking holiday home has become operational from 01/02/2013 onwards which makes online booking smooth and efficient.

#### During the period 01/04/2012 – 31/03/2013 the following activities under various staff welfare schemes took place:

- The scheme for reimbursement of annual health checkup for retired employees (i.e. ₹ 2000/- per financial year) has been extended to cover the spouse of the deceased retirees also. 3,801 applications of retired staff/spouse of deceased staff were paid under the scheme during the financial year.
- Under the scheme for reimbursement of health check up of spouse of staff members (i.e., ₹ 1,400/- per financial year) 3,948 applications were received during the financial year.
- Super Suraksha Insurance Scheme for employees was renewed with the life cover of ₹ 5.00 lakh per employee. 32 claims were settled under this scheme during this financial year.
- At present 22 holiday homes are functioning at various centers.
- Scholarships and tuition fees for wards of staff members amounting to ₹ 129.99 lakh were disbursed.
- Under the outpatient scheme reimbursement amounting to ₹ 107.72 lakhs was paid during this financial year.
- 28 applications were paid under the scheme of financial assistance for expenses incurred by Staff Members for physically / mentally challenged / retarded / spastic dependant wards.
- 36 claims amounting to ₹ 48.83 lakhs were paid under the part payment of outstanding in loan accounts in the event of death of an employee while in service' scheme.
- 145 claims were paid under the funeral expenses scheme during this financial year.
- Bank Fest was conducted at Thiruvananthapuram from 04th January 2013 to 6th January 2013. More than 500 staff members participated from all the zones.

#### 16. Legal Services

The Law Department of the Bank has, during the course of time, developed into an operational unit by involving itself in various operational matters including legal actions by and against the bank.

Law officers are placed at various centers, and they play a significant role in the business of the bank. The Law Department performs multifarious duties such as preparation of general and case-specific documents, vetting and scrutiny of loan documents, giving advice on legal issues etc. The Law Department plays an important role in the matter of recovery. Suits and DRT applications for recovery against the defaulters are arranged and followed up by the Law Officers. They assist the branches and other operational functionaries in respect of actions initiated for enforcement of security under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Various cases, petitions and claims against the Bank filed in various High Courts, Tribunals, Civil Courts, Consumer Fora, Ombudsman, Labour Courts and other authorities are defended under the advice and guidance of the Law Department. The Law Officers advise the Central Public Information Officers and the Appellate Authorities on the applications and appeals filed under the Right to Information Act, 2005. The Law Department is also involved in the training of the staff on topics involving law and practice of banking. The Law Officers are regularly and continuously handling varied legal matters and offering legal advice and suggestions to the business units and developmental/ operational functionaries and take steps to legally protect the bank and safeguard its interest in all respects.

### 17. Public Relations and Publicity

The Public Relations Department shoulders the responsibility of disseminating various information projecting Banks image among public and government departments. During the year under review, the department maintained close rapport with the Government departments, media, commercial and social organizations and the general public.

Extensive publicity was given through News papers, Hoardings, sponsored programmes, Visual and Electronic Media, to popularize bank's products. The marketing efforts at the Branches, supported by an intensive advertisement campaign all through the year at corporate level yielded impressive results.

During the year the Bank was one of the main sponsors of Tourism Week Celebrations of Government of Kerala, Nehru Trophy Boat Race, Mumbai Pooram, Pravasi Bharathiya Divas, Viswa Malayala Mahotsavam, G.V Raja All India Football tournament, NORKA Global meet etc. Programmes conducted by CII, NIPM, MPEDA, Costal Area Development Corporation, SIDCO, IIST, Kerala State Sports Council, Rotary Club, District Industries Centre, Kerala Police, ASIANET, Malayala Manorama, Mathrubhoomi etc. were also supported by the Bank.

The prestigious 'SBT Prathiba Samman' award was instituted this year to honour three eminent Keralites who have rendered outstanding contribution for the welfare of the society, regionally, nationally, and internationally. The award contains a Gold Sovereign, a trophy, and a citation. The first Prathiba Samman Award was conferred to H.E Most Rev Dr. Alexander Marthoma

Metropolitan in the regional level and Dr. E Sreedharan in the national level.

With an intention to impart competitive knowledge, and to improve our publicity mileage among the youth of Kerala, we have resumed the 'Intel Teen Quiz Programme' this year. Fifty colleges from various parts of the state were participated in the programme. Preliminary rounds were conducted at the Zonal Level, and Semi Final and Final was conducted by Head office. DD Kerala telecasted the Final and semi final in 3 episodes.

We added many new hoardings at vantage points in Ernakulam to increase the exposure of brand SBT in the commercial capital of Kerala. We have sponsored the installation of a Digital Signage Board at Vyttila Mobility Hub, Ernakulam, which displays our advertisements 20 times per day. Apart from advertisement on Hoardings, Bank has advertised through direction boards at Sabarimala Route, Rota sign Boards at Kozhikode, Kannur, Trichur, Palakkad Railway stations and advertisement at Thiruvananthapuram and Kozhikode Airport. The display at Thiruvananthapuram railway station has become a landmark in Thiruvananthapuram city.

The Bank as a responsible corporate citizen sponsors and maintains the Poojappura Traffic Island Park, which is widely used by the residents of the city as a resting place.

SBT won the second prize under PSU for the float presented in connection with the Onam celebration conducted by Department of Tourism, Government of Kerala.

The Bank's Calendar for 2013 with the theme 'The taste of Kerala, the toast of the world' offers the essence and flavour of Kerala Cuisine, were widely acclaimed by the public and the Media. Bank's internal house magazine "Mythri" still retains its eminence among other such publications.

The Bank opened pilgrim service centers at Pampa and Sannidhanam to cater to specific banking requirements of the pilgrims to Sabarimala, which generated tremendous publicity and goodwill for the Bank. We have also sponsored the Sabarimala Police web portal of 'Virtual Queue' which was utilized by 18 lakh pilgrims this year.

### 18. Progressive Use of Hindi

The Bank complied with the provisions relating to the Official Languages Act, rules and instructions, directives of Government of India and Reserve Bank of India. As per the guidelines of the Reserve Bank of India, the Bank has introduced SBT Rajabhasha Shield for Zonal / Regional Offices situated at linguistic regions A, B and C. During the year, various competitions were held for school level students in Hindi. Hindi Fortnight / Hindi Day was also celebrated in Head Office, Zonal Offices and Regional Offices. Hindi Workshops were conducted at our Zonal Offices. Annual publication 'Swathi', the Bank's Hindi Magazine and 'Rajabhasha Sahayika' and "Phrases of official noting" were also published. Our Zonal Offices at Ernakulam, Kozhikode and Thiruvananthapuram,

published Hindi Magazines during the year. Hindi workshops and functional Hindi programmes were conducted for the benefit of staff members, to increase their knowledge of functional Hindi. Letters received in Hindi, were replied to in Hindi.

The Bank has sponsored "SBT P.G. Vasudev Puraskar" for the Hindi Writers in the State of Kerala and the Award was distributed to the noted Hindi Writer and Padmasree awardee Dr. Vellayani Arjunan of Kerala, in a function held at Thiruvananthapuram. "SBT Hindi Sahitya Puraskar" were also distributed to Hindi Writers Dr. Anoop Krishnan and Dr. Suvarnalatha M.C. of Kerala at Thiruvananthapuram.

The Bank participated in the State Level Official Language Exhibition instituted by Kerala Hindi Prachar Sabha and won First Prize for implementation of Official Language Policy. Our Bank secured First Prize instituted by the Town Official Language Implementation Committee, Thiruvananthapuram for the implementation of Official Language Policy in Public Sector Banks situated in Thiruvananthapuram. The Zonal Office, Ernakulam, Kozhikode and Thiruvananthapuram secured shields from their respective Town Official Language Implementation Committee for the implementation of Official Language Policy. The Ernakulam Zonal Office received the Award for the implementation of Official Language Policy, from the Govt of India, Regional Implementation Office (South-West) Ministry of Home Affairs, Dept., of Official Language, Cochin.

## 19. Malayala-Sammelanam

The SBT Malayala-Sammelanam was conducted under the auspices of the Bank and Malayalam Sahitya Awards, for the best works in Malayalam Poetry, Short Story, Human Interest Story, Children's Literature and Literary Criticism were distributed in a glittering function at Thiruvananthapuram. Dr. George Onakkur, noted Malayalam writer was honoured with SBT "Suvarna Mudra" Puraskaram.

## 20. Branch Network

Bank created a new record by opening 134 new branches during the year and crossed the milestone number of 1000. In this financial year Bank has achieved two "1000" landmarks. One with the opening of 1000th Office (Gold Point branch Palakkad) and the second, with the proud dedication of its 1000th branch (NRI, Kottakkal) on the last working day of this fiscal year. As at the end of 31st March 2013 the total number of branches has touched 1013, by setting its foot prints in 15 states and 3 Union Territories. It has 13 extension counters.

The number of branches in Kerala increased from 676 branches in March, 2012 to 758 branches as at the end of 31st March, 2013. The Kollam Regional Office was upgraded as a Zonal Office during this year and 20 branches/offices were shifted to new premises.

The Bank has 38 specialised Personal Segment branches, 8 NRI branches, 4 Treasury branches, 10 Service branches, 13 CBG

branches, 7 CNW branches, 21 Gold Point branches, 10 Specialised Agricultural Development Branches, 5 Specialized SME branches, 2 Asset Recovery Management Branches, 1 Micro Credit branch, 1 Specialised branch for women entrepreneur, 1 MICR branch, 1 Branch for State Government Transactions and 1 International Service Branch. Under the BPR initiatives, Bank has 9 RASMECCCs, 2 RCPC, 1 CPPC, 6 SARC, 2 TFCCPs, 1 LCPC and 13 CACs. The Bank is having 2 Exchange Bureaus, one at Cochin and another at Kozhikode in addition to the above branches/offices. The Bank holds authorization for opening 95 branches (including 58 centres under General Permission).

## 21. Premises

### • Construction of Staff Learning centre at Ernakulam

Contract for construction of a Staff Learning Centre (Bank's Second Learning Centre) at Ernakulam in the plot owned by our Bank has been awarded & the work is in progress. The total area is 54,270 sq.ft. which includes Academic block (2 training channels), Hostel block for 70 participants & Suites for Guests, Kitchen & Dining Block & Chief Instructor's quarters. The work is expected to be completed by 2015.

### • Construction of building at Idukki & Adoor

Construction of Idukki Branch premises & quarters and Adoor branch building have been initiated.

### • Purchase of flat at New Delhi

The Bank was successful in purchasing a flat in the Common Wealth Games Village at New Delhi, in the auction conducted by Delhi Development Authority (DDA).

### • Construction of 4 RSETIs (Rural Self employment Training Institute)

Construction of RSETIs at Alappuzha, Wayanad, and Kottayam & Pathanamthitta has been initiated & the work is expected to be complete by 2014.

### • Purchase of Land with building at Kowdiar

Bank purchased 18 cents of land with a building at Kowdiar for housing our Kowdiar Branch.

### • Allotment of 3 Acres at Techno park, Thiruvananthapuram

3 Acres of land has been allotted by Techno park, Thiruvananthapuram in its Phase III Development at Kulathoor, Thiruvananthapuram. The Plot is intended to house the proposed centralised IT Hub of the Bank.

## 22. Community Services Banking

Community Service Banking activities in the Bank are undertaken mainly by Social Circles. Social Circle is a concept unique to SBT. It is a voluntary organization formed by staff members who address themselves to the requirements of their area of operation. Bank is having 622 social circles functioning at various branches and administrative offices, spread all over India. Community Services Banking Department at Head Office spearheads the activities of the

Circles.

Major activities undertaken by the Bank during the year

- Considering the significance of pure drinking water in the lives of students, we donated Water purifiers to 1 600 Govt. /Aided schools across the country through our Branches.
- We also donated 5 Ceiling Fans each to needy schools in the country through our 1 000 branches/Offices

#### Other activities include

- Financial assistance for welfare of student community including Scholarships to HIV infected children
- Health Care activities like Blood donation camps, medical camps, providing equipments, medicines to hospitals and primary health centres, bed sheets and food packets to patients.
- Support to physically, mentally and visually disabled communities including distribution of Braille watches to educated blind women
- Sponsored cultural programmes and Onam celebrations at prisons
- Co-ordinated blood donation by staff members to patients in emergencies
- Donated Vehicles to Palliative Care Units
- Donated a Vehicle to Cheshire Homes India for their Livelihood Resource Centre
- Donated Laptop and LCD projector to Malabar Cancer Centre Thalassery to organise cancer awareness classes for the public
- Provided a Bio gas plant and steam cooking unit to Saigramam at Thonnakkal

### 23. Sports and Games

During the period under review Bank's Football and Cricket teams won many matches/tournaments they played and brought laurels and glory to the Bank and also became an instrument to get wide range media coverage for the Bank throughout the country.

#### • Cricket "A" Team

The Bank's Cricket A team has participated in various All India/All Kerala tournaments. Out of the 12 tournaments played Bank's team won 7 and became runner up in another 3 and lost in semi final in another 2. It is pertinent to note that during the year Bank's team defeated major teams like Reliance India, IOB- Chennai, BSNL, RCF Mumbai, and Southern Railways. Bank's team could also defeat teams having international players like Shri. Irfan Pathan, Shri. Parthiv Patel, Shri. Abhisekh Nayar and other IPL players. During the year the team won All Kerala Coromandal Cement Trophy, Dr. M.S. Nair Cricket Trophy, Capt. Jerry Prem Raj Memorial Tournament, Balan Pandit Tournament, KRL Tournament held in April 2012, Mini Muthoot Tournament and Muthoot Pappachan Memorial T/20 tournament and became runner – up in Celestial Cup, KRL Tournament March 2013, All India Bharamathi Tournament. As recognition on the performance of the team 8 of the bank's players were selected by the Kerala State team to represent the State in the Ranji Trophy and four others in U-25 and U-22 Kerala State Teams. Bank's Cricket B

team participated in the Trivandrum District Mandatory league matches and won many matches.

#### • Football Team

Bank's Senior Football team participated in 5 tournaments and won 3 and became runner-up in 2. The team won the Trivandrum District Super Division League, All India GV Raja Tournament, and the All India Bihar Cup held at Patna and became runner-up in the All India Public Sector Football Tournament, held at Delhi and Kerala State Club Championship held at Malappuram.

Bank's seven players participated in the Santhosh Trophy representing the Kerala State Team during the period and team reached final and became runner up. Shri.Sarath B T, Shri. Sumesh, Shri. Jean Christian, Shri. Sajith, Shri. Usman, Shri. Noufal, Shri. Aslam A.G, Shri. Shibir Lal, and Shri. Johnson represented the Kerala State in the Santhosh Trophy. Bank's Junior Football Team, consisting of school/college going children reached second best position in the Trivandrum District "B" division league matches and also became the runner up in the All India Abdul Kalam Azad Memorial Football Tournament held at Kayalpatnam, Tamilnadu.

### 24. Changes in the Board of Directors

During the course of the financial year 2012-13, the following changes have occurred in the Board of Directors of the Bank.

(i) The Tenure of Shri. Gyan Chand Pipara appointed under clause (d) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959 ended on 14th May 2012.

(ii) Shri. Pradip Kumar Sanyal, Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 13th June 2012 in place of Shri. B Ramesh Babu, Director.

(iii) Shri. Jitendar Kumar Mehan, Director appointed under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 20th July 2012 in place of Shri. P Vinayagam, Director.

(iv) Shri. Rajeev Nandan Mehra, Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 1st December 2012 in place of Shri. A K Deb, Director.

(v) Shri. Shyamal Acharya, Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 resigned from Board on 29th November 2012.

The Board of Directors welcomes Shri Rajeev Nandan Mehra, Shri. Pradip Kumar Sanyal, and Shri. Jitendar Kumar Mehan as Directors of the Bank.

The Board of Directors place on record their appreciation and thanks for the valuable services rendered by Shri. Shyamal Acharya, Shri. A K Deb, Shri. B Ramesh Babu, Shri. P Vinayagam and Shri. Gyan Chand Pipara during their tenure as Directors of the Bank.

## 25. Statutory Audit

M/s Jagdish Chand & Co, New Delhi, M/s B. V. Rao & Co, Visakhapatnam, M/s Sridhar & Co, Thiruvananthapuram, M/s Abraham & Jose, Thrissur, M/s G. K. Rao & Co., Hyderabad, M/s R.G.N Price & Co., Chennai were appointed as Statutory Auditors of the Bank for the year 2012-13 by State Bank of India, with the approval of the Reserve Bank of India. The Board of Directors sincerely appreciates the valuable suggestions offered and the excellent support and cooperation extended by the Statutory Auditors for the completion of the audit well in time.

## 26. Acknowledgements

The Board of Directors gratefully acknowledge the valuable advice and support extended by the Ministry of Finance, Government of India, Reserve Bank of India, Indian Banks' Association, State Bank of India and the cooperation and support extended by the Securities and Exchange Board of India, Financial Institutions, Stock exchanges and Correspondents. The Board also wishes to place on record its sincere appreciation for the excellent support, goodwill and patronage received from the esteemed customers and shareholders, the support and cooperation extended and contributions made by the members of staff - award and supervising. The Board also places on record its appreciation for the contribution made by the Employees' Union and Officers' Association.

By Order of the Board,

PNANDAKUMARAN  
Managing Director.

## STATE BANK OF TRAVANCORE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

(₹ in thousands)

I. CAPITAL & LIABILITIES	Schedule	As at 31-Mar-2013	As at 31-Mar-2012
1. Capital	1	500000	500000
2. Reserves & Surplus	2	43149787	38161588
3. Deposits	3	846237211	714698281
4. Borrowings	4	87471614	76073151
5. Other Liabilities and Provisions	5	38434646	30433863
<b>Total</b>		<b>1015793258</b>	<b>859866883</b>
<b>II. ASSETS</b>			
1. Cash and Balance with Reserve Bank of India	6	45440045	47766463
2. Balances with Banks and Money at Call & Short Notice	7	2237002	10400171
3. Investments	8	272255016	224375839
4. Advances	9	674836162	553459524
5. Fixed Assets	10	2862864	2432739
6. Other Assets	11	18162169	21432147
<b>Total</b>		<b>1015793258</b>	<b>859866883</b>
Contingent Liabilities	12	208032900	225706484
Bills for Collection		35888936	35514475
Principal Accounting Policies	17		
Notes to Accounts	18		

<b>Gadadhara Misra</b> Deputy General Manager (Finance and Accounts)	<b>Chandrasekharan S</b> General Manager (Treasury) & CFO	<b>E K Harikumar</b> Chief General Manager (CB)	<b>Sajeev Krishnan</b> Chief General Manager (RB)	<b>P Nanda Kumaran</b> Managing Director	<b>Pratip Chaudhuri</b> Chairman
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### DIRECTORS

<b>Rajeev Nandan Mehra</b>	<b>Pradip Kumar Sanyal</b>	<b>Jitendar Kumar Mehan</b>	<b>K.T.Rajagopalan</b>
<b>C.Raj Kumar</b>	<b>K.Muraleedharan Pillai</b>	<b>T.Balakrishnan</b>	<b>C.N.Venugopalan</b>

### As per our report of even date AUDITORS

<b>For Jagdish Chand &amp; Co</b> Chartered Accountants Praveen Kumar Jain Partner Membership No: 085629 FRN: 000129N	<b>For B.V.Rao &amp; Co</b> Chartered Accountants B.V.Rao Partner Membership No: 019138 FRN: 003118S	<b>For Sridhar &amp; Co</b> Chartered Accountants I.Jayasindhu Partner Membership No: 205660 FRN: 003978S	<b>For Abraham &amp; Jose</b> Chartered Accountants Jose Pottokaran Partner Membership No: 012056 FRN: 000010S	<b>For G.K.Rao &amp; Co</b> Chartered Accountants Suryanarayana Reddy,B Partner Membership No: 021071 FRN: 003124S	<b>For RGN Price &amp; Co</b> Chartered Accountants P.M.Veeramani Partner Membership No: 023933 FRN: 002785S
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Mumbai , 26th April, 2013



**STATE BANK OF TRAVANCORE**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013**

(₹ in thousands)

I. INCOME	Schedule	For the year ended 31st March 2013	For the year ended 31st March 2012
1. Interest Earned	13	86348400	68961409
2. Other Income	14	6530221	5809078
<b>Total</b>		<b>92878621</b>	<b>74770487</b>
<b>II. EXPENDITURE</b>			
1. Interest Expended	15	65066363	49983897
2. Operating Expenses	16	14302168	12298622
3. Provisions and Contingencies		7359666	7383405
<b>Total</b>		<b>86728197</b>	<b>69665924</b>
<b>III. PROFIT/LOSS</b>			
1. Net Profit for the Year		6150424	5104563
2. Profit brought forward		68558	34068
<b>Total</b>		<b>6218982</b>	<b>5138631</b>
<b>APPROPRIATIONS</b>			
1. Transfer to Statutory Reserves		1537606	1276141
2. Transfer to Capital Reserves (net of tax adjustments)		145494	27930
3. Transfer to Revenue and Other Reserves			
a) Reserve under Sec 36(1)(viii) of IT ACT		660000	620000
b) General Reserves		2700000	2100000
c) Investment Reserve Account			
4. Proposed Dividend		150000	100000
5. Tax on Dividend		24334	16222
6. Interim Dividend		850000	800000
7. Tax on Interim Dividend		137891	129780
8. Balance carried over to Balance Sheet		13657	68558
<b>Total</b>		<b>6218982</b>	<b>5138631</b>
Principal Accounting Policies	17		
Notes to Accounts	18		
Basic and diluted Earnings per share (in ₹)		123.01	102.09

<b>Gadadhara Misra</b> Deputy General Manager (Finance and Accounts)	<b>Chandrasekharan S</b> General Manager (Treasury) & CFO	<b>E K Harikumar</b> Chief General Manager (CB)	<b>Sajeev Krishnan</b> Chief General Manager (RB)	<b>P Nanda Kumaran</b> Managing Director	<b>Pratip Chaudhuri</b> Chairman
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**DIRECTORS**

<b>Rajeev Nandan Mehra</b>	<b>Pradip Kumar Sanyal</b>	<b>Jitendar Kumar Mehan</b>	<b>K.T.Rajagopalan</b>
<b>C.Raj Kumar</b>	<b>K.Muraleedharan Pillai</b>	<b>T.Balakrishnan</b>	<b>C.N.Venugopalan</b>

As per our report of even date **AUDITORS**

<b>For Jagdish Chand &amp; Co</b> Chartered Accountants Praveen Kumar Jain Partner Membership No: 085629 FRN: 000129N	<b>For B.V.Rao &amp; Co</b> Chartered Accountants B.V.Rao Partner Membership No: 019138 FRN: 003118S	<b>For Sridhar &amp; Co</b> Chartered Accountants I.Jayasindhu Partner Membership No: 205660 FRN: 003978S	<b>For Abraham &amp; Jose</b> Chartered Accountants Jose Pottokaran Partner Membership No: 012056 FRN: 000010S	<b>For G.K.Rao &amp; Co</b> Chartered Accountants Suryanarayana Reddy.B Partner Membership No: 021071 FRN: 003124S	<b>For RGN Price &amp; Co</b> Chartered Accountants P.M.Veeramani Partner Membership No: 023933 FRN: 002785S
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## STATE BANK OF TRAVANCORE SCHEDULES TO ACCOUNTS

(₹ in thousand)

<b>Schedule - I CAPITAL</b>	<b>As at 31-Mar-2013</b>	<b>As at 31-Mar-2012</b>
A) Authorised Capital (50,00,00,000 shares of ₹10 each)	5000000	5000000
B) Issued, Subscribed & Paid up Capital (500,00,000 shares of ₹10 each)	500000	500000
<b>Schedule 2 - RESERVES &amp; SURPLUS</b>		
<b>I. Statutory Reserves</b>		
Opening Balance	13377400	12101259
Additions during the year	1537606	1276141
Deductions during the year	Nil 14915006	Nil 13377400
<b>II. Capital Reserves</b>		
Opening Balance	815373	787444
Additions during the year	145494	27929
Deductions during the year	Nil 960867	Nil 815373
<b>III. Share Premium</b>		
Opening Balance	1425000	1425000
Additions during the year	Nil	Nil
Deductions during the year	Nil 1425000	Nil 1425000
<b>IV. Revenue &amp; Other Reserves</b>		
a) Special Reserve account -Interest Rate Derivatives		
Opening Balance	26734	59195
Additions during the year	Nil	Nil
Deductions during the year	Nil 26734	32461 26734
b) Reserve under Sec 36(1)(viii) of IT ACT		
Opening Balance	1690000	1070000
Additions during the year	660000	620000
Deductions during the year	Nil 2350000	Nil 1690000
c) General Reserves		
Opening Balance	20657183	18557183
Additions during the year	2700000	2100000
Deductions during the year	Nil 23357183	Nil 20657183
d) Investment Reserve Account		
Opening Balance	101340	101340
Additions during the year	Nil	Nil
Deductions during the year	Nil 101340	Nil 101340
<b>V. Balance in Profit &amp; Loss Account</b>	13657	68558
<b>Total</b>	<b>43149787</b>	<b>38161588</b>

(₹ in thousands)

<b>Schedule 3 -DEPOSITS</b>	<b>As at 31-Mar-2013</b>		<b>As at 31-Mar-2012</b>	
<b>A) I. Demand Deposits</b>				
From Banks	2760528		3105735	
From Others	23744841	26505369	23810869	26916604
<b>II. Savings Bank Deposits</b>		191713137		168450394
<b>III. Term Deposits</b>				
From Banks	3014856		1940843	
From Others	625003849	628018705	517390440	519331283
<b>Total</b>	<b>846237211</b>		<b>714698281</b>	
<b>B. I. Deposits of Branches in India</b>	846237211		714698281	
<b>II. Deposits of Branches outside India</b>	Nil		Nil	
<b>Total</b>	<b>846237211</b>		<b>714698281</b>	
<b>Schedule 4 - BORROWINGS</b>				
<b>I. Borrowings in India</b>				
i) Reserve Bank of India	Nil		Nil	
ii) Other Banks	4000000		Nil	
iii) Other Institutions & Agencies	45823259		38019970	
iv) Capital Instruments	21200000	71023259	21200000	59219970
<b>II. Borrowings outside India</b>	16448355		16853181	
<b>Total</b>	<b>87471614</b>		<b>76073151</b>	
<b>III. Secured Borrowings included in above</b>	Nil		Nil	
<b>Schedule 5 -OTHER LIABILITIES &amp; PROVISIONS</b>				
<b>I. Bills Payable</b>	12098586		9577074	
<b>II. Inter Office Adjustments (net)</b>	Nil		Nil	
<b>III. Interest Accrued</b>	9492473		8620316	
<b>IV. Others (including provisions) #</b>	16843587		12236473	
<b>Total</b>	<b>38434646</b>		<b>30433863</b>	
# includes				
Provision against Standard Assets	3095500		2551700	
<b>Schedule 6 - CASH &amp; BALANCE WITH R.B.I.</b>				
<b>I. Cash in hand (including foreign currency notes)</b>	3553004		3887424	
<b>II. Balance with Reserve Bank of India</b>				
i) in Current Account	41887041		43879039	
ii) in Other Accounts	Nil	41887041	Nil	43879039
<b>Total</b>	<b>45440045</b>		<b>47766463</b>	

(₹ in thousands)

<b>Schedule - 7 BALANCES WITH BANKS &amp; MONEY AT CALL &amp; SHORT NOTICE</b>	<b>As at 31-Mar-2013</b>		<b>As at 31-Mar-2012</b>	
<b>I. In India</b>				
i) Balances with Banks				
a) in Current Accounts	231546		126037	
b) in Other Deposit Accounts	461423	692969	1000000	1126037
ii) Money at Call & Short Notice				
a) with Banks	Nil		9274134	
b) with other institutions	Nil	0	Nil	9274134
<b>II. Outside India</b>				
i) in Current Accounts	1544033		Nil	
ii) in Other Deposit Accounts	Nil		Nil	
iii) Money at Call & Short Notice	Nil	1544033	Nil	0
<b>Total</b>		<b>2237002</b>		<b>10400171</b>
<b>Schedule - 8 INVESTMENTS</b>				
<b>A I. In India</b>				
i) Government Securities	233631090		181895605	
ii) Other Approved Securities	Nil		Nil	
iii) Shares	1711362		1284798	
iv) Debentures & Bonds	3681958		3886807	
v) Subsidiaries and/or Joint Ventures	Nil		Nil	
vi) Others	33230606	272255016	37308629	224375839
<b>A II. Outside India</b>		Nil		Nil
<b>Total</b>		<b>272255016</b>		<b>224375839</b>
<b>B I. Investment in India</b>				
i) Gross Value of Investments	272727397		224728126	
ii) Less: Aggregate provision for Depreciation	472381		352287	
iii) Net Value of Investments		272255016		224375839
<b>B II. Investments outside India</b>		Nil		Nil
<b>Total</b>		<b>272255016</b>		<b>224375839</b>

(₹ in thousands)

<b>Schedule - 9 ADVANCES</b>	<b>As at 31-Mar-2013</b>	<b>As at 31-Mar-2012</b>
A) i) Bills Purchased & Discounted	45880985	43127968
ii) Cash Credits, Overdrafts & Loans repayable on demand	293155325	245237268
iii) <b>Term Loans</b>	335799852	265094288
iv) Amount Receivable from GOI under ADWS 2008	Nil	Nil
<b>Total</b>	<b>674836162</b>	<b>553459524</b>
B. i) Secured by Tangible Assets (includes advances against Book Debts)	576445995	452537262
ii) Covered by Bank/Government Guarantees	12895203	10238266
iii) Unsecured	85494964	90683996
<b>Total</b>	<b>674836162</b>	<b>553459524</b>
<b>C I. Advances in India</b>		
i) Priority Sector	244986139	200423558
ii) Public Sector	19113360	24933728
iii) Banks	Nil	Nil
iv) Others	410736663	328102238
<b>Sub Total</b>	<b>674836162</b>	<b>553459524</b>
<b>C. II. Advances outside India</b>		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
a) Bills purchased & discounted	Nil	Nil
b) Syndicated Loans	Nil	Nil
c) Others	Nil	Nil
Sub - Total	Nil	Nil
<b>Total</b>	<b>674836162</b>	<b>553459524</b>
<b>Schedule - 10 FIXED ASSETS</b>		
<b>I. Premises</b>		
i) At cost as on 31st March of the preceding year	889671	806220
ii) Additions during the year	113075	83451
iii) Deductions during the year	6	0
iv) Depreciation to date	369417	633323
		338655
		551016
<b>II. Other Fixed Assets (including Furniture &amp; Fixtures)</b>		
i) At cost as on 31st March of the preceding year	5915894	5394051
ii) Additions during the year	1116396	825812
iii) Deductions during the year	316961	303969
iv) Depreciation to date	4485788	2229541
		4034171
		1881723
<b>III. Leased Assets</b>		
i) At cost as on 31st March of the preceding year	46738	46738
ii) Additions during the year	Nil	Nil
iii) Deductions during the year	Nil	Nil
iv) Depreciation to date	46738	Nil
		46738
		Nil
<b>Total</b>	<b>2862864</b>	<b>2432739</b>

(₹ in thousands)

<b>Schedule - I I OTHER ASSETS</b>	<b>As at 31-Mar-2013</b>	<b>As at 31-Mar-2012</b>
i. Inter Office Adjustments (net)	105030	1377012
ii. Interest Accrued	8268664	7100081
iii. Tax paid in Advance/ Tax Deducted at source (net of Provisions)	2937974	2727607
iv. Stationery & Stamps	41301	41002
v. Non banking assets acquired in satisfaction of claims	940	940
vi. Others #	6808260	10185505
<b>Total</b>	<b>18162169</b>	<b>21432147</b>
# Includes: Deferred Expenditure - Pension 2nd Option & Gratuity	2687652	4031478
Deferred Tax Assets (Net)	1089000	497400
<b>Schedule - I2 CONTINGENT LIABILITIES</b>		
I. Claims against the Bank not acknowledged as debts	15640	59308
II. Liability for partly paid Investments	Nil	Nil
III. Liability on account of outstanding forward exchange contracts	103521985	124826046
IV. Liability on account of outstanding int. rate swap contracts	5688500	11778500
V. Guarantees given on behalf of constituents:-		
i) In India	38582120	36037474
ii) Outside India	6975773	45557893
VI. Acceptances, endorsements & other obligations	48295751	185902
VII. Disputed Income-tax liability	4934779	36223376
VIII. Capital commitments on account of unexecuted contracts	18352	49072469
<b>Total</b>	<b>208032900</b>	<b>225706484</b>
Bills for collection	<b>35888936</b>	<b>35514475</b>
<b>Schedule - I3 INTEREST EARNED</b>		
I. Interest / Discount on Advances/ Bills	67460962	53986326
II. Income on Investments	18163730	14462790
III. Interest on balances with Reserve Bank of India and other inter-bank funds	412213	183839
IV. Others	311495	328454
<b>Total</b>	<b>86348400</b>	<b>68961409</b>

(₹ in thousands)

<b>Schedule 14- OTHER INCOME</b>	<b>As at 31-Mar-2013</b>		<b>As at 31-Mar-2012</b>	
I. Commission, Exchange & Brokerage	4358452		3999095	
II. Profit on sale of investments	1357345		962134	
Less: Loss on sale of Investments	45491	1311854	294238	667896
III. Profit on revaluation of Investments	Nil		Nil	
Less: Loss on revaluation of investments	Nil	Nil	Nil	Nil
IV. Profit on sale of land, buildings & other assets	2159		1364	
Less: Loss on sale of land, buildings & other assets	5265	-3106	9871	-8507
V. Profit (net of loss) on exchange transactions	252884		424864	
VI. Income earned by way of dividends etc from subsidiaries/companies and/or joint ventures abroad/in India	Nil		Nil	
VII. Miscellaneous Income	610137		725730	
<b>Total</b>	<b>6530221</b>		<b>5809078</b>	
<b>Total Income</b>	<b>92878621</b>		<b>74770487</b>	
<b>Schedule 15 - INTEREST EXPENDED</b>				
I. Interest on Deposits	58639877		43674302	
II. Interest on R.B.I. / Inter-bank Borrowings	646233		670123	
III. Others	5780253		5639472	
<b>Total</b>	<b>65066363</b>		<b>49983897</b>	
<b>Schedule 16 - OPERATING EXPENSES</b>				
I. Payments to & Provisions for Employees	8847599		7878216	
II. Rent, Taxes & Lighting	1201247		962064	
III. Printing & Stationery	121847		99426	
IV. Advertisement & Publicity	99293		72135	
V. Depreciation on Bank's Property	587595		501970	
VI. Directors' Fees, Allowances and Expenses	4543		4282	
VII. Auditors' Fee and Expenses	122113		130283	
VIII. Law Charges	69997		72197	
IX. Postage, Telegrams, Telephones etc.	79039		59492	
X. Repairs & Maintenance	162867		145455	
XI. Insurance	682940		619149	
XII Other Expenditure	2323088		1753953	
<b>Total</b>	<b>14302168</b>		<b>12298622</b>	

## SCHEDULE 17 – PRINCIPAL ACCOUNTING POLICY 2012-13

### I. GENERAL

1.1 The accompanying financial statements have been prepared under the historical cost convention and they conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, guidelines of regulatory authorities and Reserve Bank of India (RBI), Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

1.2 The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from estimates.

### 2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

2.1 Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions.

2.2 Monetary assets and liabilities denominated in Foreign Currencies are translated at the Foreign Exchange Dealers Association of India (FEDAI) closing spot rates prevailing on the Balance Sheet date.

2.3 Guarantees / Standby Letters of Credit, Letters of Credit, Forward Rate Agreements, Foreign Currency Options and Forward Exchange Contracts are translated at FEDAI closing spot rates as on the Balance Sheet date.

2.4 a) Each outstanding forward exchange contract is subjected to revaluation process separately.

b) The revaluation rate for each outstanding contract is derived by maturity date-wise arithmetic interpolation. The difference between revalued amount and the contracted amount is recognized as profit or loss as the case may be.

2.5 Premium received / paid on outstanding currency options are accounted for as per FEDAI guidelines.

2.6 Gains/Losses on account of change in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in profit and loss account

### 3. INVESTMENTS – Domestic

Investments are accounted for in accordance with the extant regulatory guidelines.

#### 3.1 Classification

Investments are classified into three categories namely: Held to Maturity, Available for Sale and Held for Trading. Investments are further classified into the following six groups in the balance sheet:

(i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries / Joint Ventures and (vi) Others (CPs, Mutual Funds, Units, etc.)

#### 3.2 Basis of Classification

Investments that the Bank intends to hold till maturity are classified as Held to Maturity

Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

Investments that are not classified in the above two categories are classified as Available for Sale.

An investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase and subsequent shift amongst categories is done in conformity with Regulatory Guidelines.

#### 3.3 Valuations and Accounting

##### i. In determining the cost of an investment:

- Brokerage / commission received on subscription is reduced from the cost.
- Brokerage / commission etc., paid in connection with the acquisition of investments is charged to revenue and not included in cost.
- Broken period interest paid / received on debt instruments is treated as interest expended / income and is not included in cost / sale consideration.
- Cost is determined on the weighted average cost method.
- The transfer of a security amongst the above three categories is accounted for at the least of the acquisition cost / book value / market value on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

##### ii. Held to Maturity categories:

Each security is carried at acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis. Such amortization of premium is adjusted against income



under the head "Interest on investments".

### iii. Available for Sale and Held for Trading categories:

- a) The value of investments held under the Available For Sale category is determined as per Reserve Bank of India guidelines as under:
  - Central Government Securities: Marked to market on the basis of prices declared for the purpose of valuation jointly by Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealers Association of India (PDAI).
  - State Government Securities and Other Trustee Securities: Marked to market on the basis of prices derived out of the yield for respective maturities declared for the purpose of valuation jointly by FIMMDA and PDAI.
  - Shares: Wherever Stock Exchange quotations are available valuation is done as per lower of the quotations in Bombay Stock Exchange or National Stock Exchange. Wherever current quotations are not available and in respect of unquoted shares (i) Valuation is as per Book Value (without considering Revaluation Reserves, if any) ascertained from the latest Balance Sheet of the Company (which is not more than one year prior to the date of valuation) (ii) In case the latest Balance Sheet is not available, the shares are valued at ₹. 1.00 per Company.
  - Bonds & Debentures: Valued on the YTM method for the respective maturity and rating put out by FIMMDA and PDAI.
  - Mutual Fund Units: Quoted MF Units are valued as per Stock Exchange quotations. Un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular scheme. In case of funds with a lock in period, where re-purchase price/market quote is not available, units are valued at Net Asset Value (NAV). If NAV is not available, then these are valued at cost, till the end of lock in period.
  - Treasury Bills, Certificates of Deposits and Commercial Papers are valued at carrying cost.
  - Preference Shares are valued at lower of market value determined on YTM basis and its redemption value.
- b) Each security in the above two categories is revalued at the market price or fair value determined as per Regulatory Guidelines and only the net depreciation of each group for each category is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.
- iv. Security receipts issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable for Non-SLR investments.
- v. Investments are classified as performing and non-performing based on the following guidelines issued by the RBI.
  - a. Interest / Installment (including maturity proceeds) is due and

- remains unpaid for more than 90 days.
- b. In the case of equity shares, in the event of the investment in the share of any company is valued at ₹1.00 per company on account of the non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.
- c. If any credit facility availed by the issuer is NPA in the books of the Bank, investment in any of the securities issued by the same issuer would also be treated as NPI and vice versa.
- d. The above would apply mutatis mutandis to preference shares where the fixed dividend is not paid.
- e. The investments in debentures / bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- vi. The Bank has adopted the Uniform Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.

### 3.4 Non-Performing Investments

All such securities where repayment of principal or interest not serviced within 90 days from the due date are classified as Non-performing Investments, except securities guaranteed by the Central Government, which is, treated as performing investments notwithstanding arrears of principal / interest payments. In respect of investments classified as Non-performing, appropriate provisions are made for the depreciation in the value. The depreciation requirement in respect of these securities is not set off against appreciation in respect of other performing securities.

## 4. DERIVATIVES

- 4.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, and cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.
- 4.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying Assets / Liabilities are also marked to market.
- 4.3 Except as mentioned above, all other derivative contracts are marked to market as per the generally accepted practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognized in the profit and loss account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through

profit and loss account.

**4.4** Option premium paid or received is recorded in profit and loss account at the expiry of the option. The Balance in the premium received on options sold and premium paid on options bought have been considered to arrive at Mark to Market value for forex Over the Counter options.

**4.5** Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

**4.6** Interest Rate Swaps and Forward Rate Agreements

- a) When a hedge becomes naked in part or full owing to shrinking portfolio, and if allowed to continue till maturity, it is marked to market at regular intervals.
- b) The periodical net cash flows arising out of Interest Rate Swaps in domestic currency are booked as income / expenditure.
- c) The periodical net cash flows arising out of Interest Rate Swaps in foreign currency are booked as income / expenditure and form part of the exchange position in Forex transactions.
- d) Gain / Loss arising out of swap transactions in respect of Tier I / II bonds, is computed separately. Losses, if any, are fully provided for. Gains on reset or sale is recognized as Income and appropriated to Special Reserve net of taxes and mandatory transfer to statutory reserve.

## 5. ADVANCES

**5.1** All advances have been classified under four categories i.e., (i) Standard Assets (ii) Sub-Standard Assets (iii) Doubtful Assets and (iv) Loss Assets as per RBI directives / guidelines.

**5.2** Advances shown in the Balance Sheet are net of:

- (a) Provision made on Non-Performing Assets (NPA)
- (b) Uncollected Interest Income in respect of NPA
- (c) Bills rediscounted with IDBI / SIDBI
- (d) Claims received
- (e) Diminution in fair value of Restructured Assets
- (f) Technical write-off
- (g) Inter-Bank Participations with Risk sharing

**5.3** Provision on advances have been made in accordance with RBI guidelines / directives as under:

- (a) For Standard Assets:
  - (i) 0.25% on direct advance to agriculture and SME sectors
  - (ii) 1.00% on advances to commercial real estate.
  - (iii) 2.00% on Teaser Home Loans

(iv) 2.75% on Restructured Accounts classified as standard advances for the first two years from the date of restructuring. In cases of moratorium on payment of interest/ principal after restructuring, the period covered will be moratorium period plus two years.

(v) 2.75% on Restructured Accounts classified as Non-Performing Assets, when upgraded to Standard category for the first year from the date of upgradation.

(vi) 0.40% on all other advances

(b) For all Non-Performing Assets (NPA):

(i) Sub-standard Assets:

(a) A general provision of 15%

(b) Additional provision of 10% for exposures, which are unsecured ab-initio (where realizable value of security is not more than 10% ab-initio)

(ii) Doubtful assets at 25%, 40% or 100% of the secured portion based on the number of years the account remained as "Doubtful Asset" and at 100% of the unsecured portion of the outstanding after netting retainable amount of the guarantee cover under the scheme of Export Credit and Guarantee Corporation (ECGC) / Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), wherever applicable and

(iii) Loss Assets at 100%.

**5.4** Restructuring of Advances: In respect of restructured accounts, where the outstanding is ₹1.00 crore and above, the erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring.

Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR or Base rate (which ever is applicable to the Borrower) as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank's BPLR or Base rate (which ever is applicable to the Borrower) as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

In respect of restructured accounts, where the outstanding is less than ₹1.00 crore, the amount of diminution in the Fair value has been computed at 5% of the outstanding.

**5.5** In the case of suit filed accounts, legal expenses are charged to Profit & Loss account and credited to revenue expenditure, when recovered.

**5.6** Financial assets sold to Asset Reconstruction Company (ARC) / Securitisation Company (SC) are recognized as under:

- (a) In case the sale is at a price lower than the Net Book Value (NBV), the difference is charged to the Profit & Loss account.
- (b) In case the sale is at a price higher than the NBV, the surplus provision is not reversed but held separately for meeting the loss if any on future sale of financial assets.

## 6. DEPOSITS

Interest on deposits, with provision for re-investment of interest, is capitalized for every completed quarter and shown as principal.

## 7. FIXED ASSETS & DEPRECIATION

**7.1** Premises and other fixed assets have been accounted for at historical cost. Pending registration, the land and buildings acquired by the Bank are capitalized, based on letters of allotment / agreement and the physical possession.

- 7.2** (a) Cost of furnishing items like curtains (including stitching charges) / carpets / mattresses and pillows irrespective of cost,  
 (b) Cost of replacement of Batteries for UPS / Inverters irrespective of cost and  
 (c) Other individual items costing Rs.1000 or less are charged to profit and loss account in the year of purchase.

**7.3** Depreciation on premises and other fixed assets including system software is provided for on written down value method in the manner and at rates as per Income Tax Act

No.	Description of fixed assets	Method of charging depreciation	Depreciation / Amortisation rate
1	Computers including ATMs and Mobile Phones	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of hardware	Written Down Value Method	60%
3	Computer Software which does not form an integral part of hardware	Straight Line Method	100% in the year of acquisition

**7.4** In respect of assets acquired during the year, depreciation is charged for half year in respect of assets used for 182 days or less and for the full year in respect of assets used for more than 182 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use. No depreciation is provided in the year of sale / disposal of an asset.

**7.5** In respect of Leasehold Properties, the lease premium is amortized over the period of the lease.

## 8. EMPLOYEE BENEFITS

### 8.1 Short Term Employee benefits:

Amount of short-term employee benefits, such as casual leave and medical benefits, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

### 8.2 Post Employment benefits:

#### (i) Defined Contribution Plan

The Bank operates a Provident Fund scheme, which is a defined contribution plan. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are made to a fund set up by the Bank and administered by a Board of Trustees. The Bank has no liability for future provident fund benefits other than its annual contribution, and recognizes such contributions as an expense in the year to which they relate.

#### (ii) Defined Benefit Plan

- (a) The Bank operates gratuity, pension and resettlement schemes, which are defined benefit plans.
- (b) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on superannuation, on death while in employment or on termination of employment. The rate of gratuity payable to an employee is 15 days based on the rate of wages / salary last drawn by the employee as per the Payment of Gratuity Act, 1972 for every completed year of service. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for a period of not less than 5 years (on retirement, resignation, except death & disablement). To be eligible under SBT (Payment of Gratuity to Employees) Regulations, 1972 minimum service required is 10 years.

The Bank makes annual contribution to the Fund administered by the Board of Trustees based on independent actuarial valuation carried out annually. The maximum amount payable as per the Payment of Gratuity Act, 1972 is ₹ 10.00 lakhs. The amount payable to the employees will be higher of the amount calculated as per SBT (Payment of Gratuity to Employees) Regulations or Payment of Gratuity Act, 1972, subject to deduction of Income Tax on amount in excess of ₹ 10.00 lakhs.

- (c) The Bank provides for pension to all eligible employees who have opted for pension and joined the services of the Bank on or before 31<sup>st</sup> March 2010. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes annual contributions to fund administered by Board of Trustees based on an independent external actuarial valuation carried out annually.
- (d) The cost of providing defined benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Actuarial gains / losses are immediately recognized in the statement of profit and loss and are not deferred.
- (e) The bank has exercised the option of recognizing the transitional liability on adoption of Accounting Standard 15 (2005) for its defined benefit schemes against revenue and other reserves.
- (f) Defined Contributory Pension Scheme: Employees, joining services of the Bank on or after 1<sup>st</sup> April 2010 are eligible for Defined Contributory Pension Scheme in line with the New Pension Scheme introduced for employees of Central Government.
- (g) The additional liability on account of reopening of pension option for serving employees who had not opted for pension earlier as well as the enhancement in gratuity limits is being amortized over a period of five years beginning with the financial year ending March 31, 2011 as per the RBI notification.
- (h) The additional liability on account of reopening of pension option for retired employees who had not opted for pension earlier as well as the enhancement in gratuity limit is being charged to the profit and loss account.
- (iii) Other Long Term Employee benefits:
  - (a) All eligible employees of the bank are eligible to encash certain portion of their earned leave while in employment or on retirement, on death or on termination of employment, subject to a maximum amount. This is paid by the Bank as and when the liability arises.
  - (b) The cost of providing other long-term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Past service cost is immediately recognized in the statement of profit and loss and is not deferred.

## 9. PROVISION FOR TAXATION

- (a) Income tax expense is the aggregate amount of current tax, deferred tax and wealth tax. Current year taxes are determined in accordance with the prevailing tax rates and tax laws. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.
- (b) Deferred tax assets and liabilities are recognized on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
- (c) Deferred tax assets are recognized and reassessed at each reporting date, in accordance with Accounting Standard 22 and based upon Management's judgment as to whether realization is considered certain. Deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable income.

## 10. REVENUE RECOGNITION

- 10.1** Income: Interest and other income are recognized on accrual basis except for the following, which are recognized on cash basis:
- (a) Income from Non performing assets (NPAs), projects under implementation with time over run and government guaranteed accounts where interest is not received regularly, is recognized upon realization as per RBI prudential norms.
  - (b) Dividend on investment in shares and income distributed on units of Mutual Funds.
  - (c) Locker Rent.
  - (d) Exchange on demand bills purchased / commission on bills sent for collection.
  - (e) Interest on Overdue bills on realization basis.
  - (f) Income on cross selling products and management fee.
  - (g) Interest on application money for Investments.
  - (h) Insurance claims.
  - (l) Funded interest on restructured accounts represented by FITL.
  - (j) Profit on sale / redemption of securities is recognized as income and appropriated to Capital Reserve net of taxes and mandatory transfer to statutory reserves.
  - (k) Income (other than interest) on investments in "Held to Maturity" category acquired at a discount to the face value is recognized as follows:

- a. On interest bearing securities, it is recognized only at the time of sale/redemption
- b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

**10.2** Adjustment in respect of recoveries made in NPA accounts; The recoveries made are appropriated in the order of Charges, Interest and then to Principal in live NPA and in respect of protested bills accounts, the recoveries made are appropriated in the order of Principal, Charges and then to unrealized Interest.

**10.3** Income from interest on refund of income tax is accounted for in the year the assessment order is passed by the concerned authority.

**10.4** Expenditure: Revenue expenditure is accounted for on accrual basis except Property Taxes and Bank's liabilities in respect of disputes pertaining to additional rent / lease rent, which are accounted for on cash basis.

## 11. NET PROFIT

The net profit disclosed in the Profit and Loss account is arrived at, after making provisions for the following:

- (a) Provision for taxes on Income including Deferred Tax and Wealth Tax,
- (b) Provision for Non-performing Advances and / or Investments,
- (c) Provision on Standard Assets,
- (d) Interest sacrifice on restructured accounts,
- (e) Depreciation on Investments,
- (f) Transfers to contingencies and
- (g) Other usual and necessary provisions.

## 12. IMPAIRMENT OF ASSETS

Impairment loss, if any, on Fixed Assets is recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

## 13. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

I. In conformity with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount of the obligation can be made.

## 2. No provision required for;

- i any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
  - ii any present obligation that arises from past events but is not recognised because
    - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - b. a reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.
3. Contingent Assets are not recognised in the financial Statements.

## SCHEDULE 18 – NOTES TO ACCOUNTS

### I. CAPITAL

#### Capital Adequacy Ratio

The Capital to Risk-weighted Assets Ratio (CRAR) as assessed by the Bank on the basis of the financial statements and guidelines issued by the Reserve Bank of India (RBI) has been computed as below:

#### a. As per BASEL - I

(₹ in crore)

Particulars	31.03.2013	31.03.2012
i) Capital to Risk-Weighted Assets Ratio (CRAR)	9.44%	11.18%
ii) Capital to Risk-Weighted Assets Ratio (Tier I)	6.83%	7.72%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	2.61%	3.46%
iv) Percentage of share holding of the Government of India	Nil	Nil
v) Amount of subordinated debt raised as Tier-II capital	1820.00	1820.00
vi) Amount raised during the year by issue of IPDI	Nil	Nil
vii) Amount raised during the year by issue of Upper Tier II instruments	Nil	500.00

#### b. As per BASEL - II

As per the extant guidelines of RBI, Bank has migrated to New Capital Adequacy framework with effect from 31.03.2008. Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk towards compounding the minimum Capital under BASEL - II.

#### Prudential Floor as on 31.03.2013

While migrating to BASEL - II framework, RBI has set out a Prudential Floor on minimum capital for the smooth transition from BASEL - I framework to BASEL - II framework. The Prudential Floor is higher of "minimum capital is required to be maintained as per BASEL - II framework or as a percentage (prescribed as 80% for the financial year ending 31st March 2013) of minimum capital requirement computed as per BASEL - I framework" for credit and market risks.

Prudential Floor Capital computation as on 31.03.2013 is given below:

(₹ in crore)

S. No.	Particulars		31.03.2013	31.03.2012
1	Total Risk Weighted Assets as per BASEL - II (A)	(A)	52798.58	43299.45
2	Minimum Capital to be maintained as per BASEL - II (A * 9%) (B)	(B)	4751.87	3896.95
3	Total Risk Weighted Assets as per BASEL - I (C)	(C)	65426.55	52478.48
4	Minimum Capital to be maintained as per BASEL - I (C * 9%) (D)	(D)	5888.39	4723.06
5	80% of minimum capital requirement as per BASEL - I (D * 80%) (E)	(E)	4710.71	3778.45
6	Actual Capital Funds maintained (F)	(F)	6175.70	5867.09
7	Prudential Floor (Higher of B or E) (G)	(G)	4751.87	3896.95
8	Excess capital maintained above the Prudential Floor (F minus G) (H)	(H)	1423.83	1970.14

The Bank has complied with the Prudential Floor stipulated by RBI as on 31.03.2013

Particulars	31.03.2013	31.03.2012
i) Capital to Risk Weighted Assets Ratio (CRAR)	11.70%	13.55%
ii) Capital to Risk Weighted Assets Ratio (Tier I)	8.46%	9.35%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	3.24%	4.20%

### c. Subordinate debts and Hybrid instruments raised as part of Tier I / Tier II Capital

(₹ in crore)

Details	Year of issue	Tenor	Interest Rate %	Amount 31.03.2013	Amount 31.03.2012
<b>Subordinated Debt</b>					
Series VI	2004-2005	111 months	7.05	195.00	195.00
Series VII	2005-2006	115 months	7.45	235.00	235.00
Series VIII	2005-2006	111 months	7.80	140.00	140.00
Series IX	2007-2008	120 months	9.20	125.00	125.00
Series X	2007-2008	120 months	9.18	125.00	125.00
Upper Tier II Bond	2006-2007	180 months	9.65	200.00	200.00
Upper Tier II Bond	2007-2008	180 months	10.25	300.00	300.00
Upper Tier II Bonds	2011-2012	180 months	9.25	500.00	500.00
<b>Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital</b>					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
Total				2120.00	2120.00

## 2. INVESTMENTS

(₹ in crore)

Particulars	31.03.2013	31.03.2012
<b>Value of Investments</b>		
Gross value of Investments	27272.74	22472.81
a) In India	27272.74	22472.81
b) Outside India	NIL	NIL
Less: Provision for Depreciation	47.24	35.23
a) In India	47.24	35.23
b) Outside India	NIL	NIL
Net value of Investments	27225.50	22437.58
a) In India	27225.50	22437.58
b) Outside India	NIL	NIL
<b>Movement of Provisions held towards Depreciation on Investments</b>		
Opening Balance (as on 1st April)	35.23	28.75
Add: Provisions made during the year	12.01	15.65
Write off / Write back of excess provisions during the year	Nil	9.17*
Closing Balance (as on 31st March)	47.24	35.23

\*Depreciation on account of shifting of securities.

2.1 In accordance with the RBI guidelines, the Bank's domestic gross investment portfolio has been classified into three categories. The classification as on 31.03.2013 is given hereunder: (₹ in crore)

Classification	31.03.2013		31.03.2012	
	Amount	%	Amount	%
Held to Maturity - HTM	20598.08	75.53	19195.79	85.41
Available for Sale - AFS	6674.66	24.47	3276.79	14.58
Held for Trading - HFT	0.00	0.00	0.23	0.01
Total	27272.74	100.00	22472.81	100.00

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 19.85% as against a stipulated maximum level of 25%

## 2.2 Repo transactions during the year 2012-13

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2013
<b>Securities sold under Repo</b>				
Government Securities *	75.00 (95.00)	1700.00 (1300.00)	101.00 (206.00)	NIL (825)
Corporate Debt Securities	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)
<b>Securities purchased under reverse Repo</b>				
Government Securities *	100.00 (10.00)	800.00 (1050.00)	11.50 (3.45)	NIL (Nil)
Corporate Debt Securities	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)

\* Amount represents LAF. (Note: Figures in brackets relate to the previous year)

## 2.3 Non-SLR Investment Portfolio

(i) Issuer composition of Non-SLR Investments as on 31.03.2013

(₹ in crore)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	PSUs	197.30 (239.84)	70.00 (15.20)	1.50 (1.50)	1.50 (1.50)	13.10 (3.30)
2	Financial Institutions	2659.82 (2739.66)	62.46 (37.52)	NIL (Nil)	NIL (Nil)	2.91 (Nil)
3	Banks	705.14 (590.00)	62.00 (53.55)	NIL (Nil)	NIL (Nil)	NIL (Nil)
4	Private Corporate	300.88 (690.84)	16.69 (40.03)	1.82 (2.54)	5.73 (12.69)	46.39 (45.10)
5	Subsidiaries & JVS	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)
6	Others	12.50 (9.45)	12.50 (9.45)	NIL (Nil)	NIL (Nil)	12.50 (Nil)
7	Provision held towards Depreciation	13.25 (21.77)	1.39 (Nil)	1.50 (1.50)	1.50 (Nil)	1.50 (Nil)
	Total *	3862.39 (4248.02)	222.26 (155.75)	1.82 (5.54)	5.73 (14.19)	73.40 (9.78)

\* Total figure arrived net of depreciation. (Note: Figures in brackets relate to the previous year)



(ii) Non Performing Non-SLR Investments

(₹ in crore)

Particulars	31.03.2013	31.03.2012
Opening balance	3.37	4.09
Additions during the year since 01.04.2012	0.00	0.00
Reductions during the above period	0.04	0.72
Closing balance	3.33	3.37
Total Provisions held	3.33	3.37

2.4 Sale and transfers to/from HTM Category

(₹ in crore)

Sl	Particulars of Transfer	Classification	Value of security	Total
1	Shifting from AFS to HTM	G.Sec & SDL	NIL	NIL
2	Sale from HTM	G.Sec & SDL	1384.58*	1384.58*

\*includes sales under RBI-OMO Rs 464.95cr

The value of sales and transfers of securities to/from HTM category does not exceed 5 per cent of the book value of investments held in HTM category at the beginning of the year

Note : The 5 per cent threshold referred to above will exclude the one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sales to the Reserve Bank of India under pre-announced OMO auctions.

### 3. DERIVATIVES

3.1. Interest Rate Swap / Forward Rate Agreement

Coupon only swap in Japanese Yen

(₹ in crore)

Particulars	31.03.2013	31.03.2012
i. The notional Principal of Swap agreements - Coupon only Swap	140.00	140.00
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	14.00
iii. Collateral required by the Bank upon entering into swaps	Nil	Nil
iv. Concentration of credit risk arising from the swaps	Nil	Nil
v. The fair value of the swap book	(1.36)	(3.28)*

\*Net of provision and Special Reserve referred in para 3.1 (e) below

Interest Rate Swap in USD

(₹ in crore)

Particulars	31.03.2013	31.03.2012
i. The notional Principal of Swap agreements - Interest Rate Swap	428.85	1037.85
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	6.37	7.60
iii. Collateral required by the Bank upon entering into swaps	Nil	Nil
iv. Concentration of credit risk arising from the swaps	Nil	Nil
v. The fair value of the swap book	3.38	(0.54)

- (a) The Bank has entered into (1) Interest Rate Swap (Coupon only swaps) for hedging the interest rate risks of Tier II Bonds and (2) Interest Rate Swap for hedging the interest rate risks of FCNR (B) deposits. No swap transaction was undertaken for trading purpose during the year.
- (b) All the Interest Rate Swaps are within the counter party exposure limits.
- (c) The value and maturity of the hedge have not exceeded the underlying liabilities and no stand-alone transactions are initiated / outstanding.
- (d) The Coupon only swaps are done in Japanese Yen and Indian Rupees receiving Fixed Rate interest in Indian Rupee and paying Japanese Yen LIBOR for one year (plus a spread) with a cap of 1%.
- (e) There is an exchange risk in respect of interest payout for coupon only swap transaction as the same is marked to market and provision of Rs.2.55 crores is made
- (f) Forex based Interest Rate Swaps are done in US Dollars receiving fixed and paying six month LIBOR–linked floating rate interest.
- (g) Carrying value of the Notional Principal amount of the outstanding swaps is same as the Notional Principal amount and outstanding Interest Rate Swaps arrived at FEDAI revaluation rate as on balance sheet dates
- (h) The Bank has not offered any collateral for undertaking the swaps.
- (i) There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.
- (j) No Forward Rate Agreement transaction was undertaken during the year.
- (k) Disclosure is made on the information/valuations provided by the counterparty banks, viz; State Bank of India and ICICI Bank Limited.

### 3.2 Exchange Traded Interest Rate Derivatives (Rupee & Forex)

(₹ in crore)

S. No.	Particulars	Amount
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2013.	Nil
(iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

### 3.3 Options

- (a) Options offered to customers have been covered back to back in the market.
- (b) The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2013 are:

(₹ in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Option Contracts	Nil	Nil	Nil	Nil

### 3.4 Disclosures on risk exposure in derivatives

#### a) Qualitative Disclosure

- (i) Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing agent as per Board approved policy.
- (ii) As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.
- (iii) Identifying an underlying, employing a derivative to hedge the Rate Sensitive Gap and reviewing the effectiveness based on interest rate view are some of the processes in risk mitigation.
- (iv) Hedge transactions are accounted on accrual basis and no marking to market is done. However, fair value and likely loss in the event of counter party default is disclosed. Credit Risk is mitigated through counter party exposure norms set internally.

#### b) Quantitative Disclosure

##### Coupon only swap in Japanese Yen

(₹ in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	140.00	140.00
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	(1.36)	(3.28)*
3	Credit Exposure	Nil	Nil	14.00	14.00
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	2.50	6.74
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	2.50/3.28	6.74/8.85
	b) On Trading	Nil	Nil	Nil	Nil

\*Net of provision and Special Reserve referred in para No.3.1 (e)

##### Interest Rate Swap in USD

(₹ in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	428.85	1037.85
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	3.38	(.54)
3	Credit Exposure	Nil	Nil	6.37	7.6
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.06	0.13
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.08/0.06	0.17/0.13
	b) On Trading	Nil	Nil	Nil	Nil

(Disclosure is made based on the intimation received by the Management from the Counter party banks viz. State Bank of India and IICI Bank Ltd.)

## 4. ASSET QUALITY

### 4.1 Non-Performing Asset

(₹ in crore)

Particulars	31.03.2013	31.03.2012
i. Net NPAs to Net Advances (%)	1.46	1.54
ii. Movement of NPAs (Gross)		
(a) Opening balance	1488.75	835.23
(b) Additions during the year	2406.55	2740.51
(c) Reductions during the year	2145.42	2086.99
(d) Closing balance	1749.88	1488.75
iii. Movement of Net NPAs		
(a) Opening Balance	853.57	450.99
(b) Additions during the year	2118.42	2319.63
(c) Reductions during the year	1983.41	1917.05
(d) Closing balance #	988.58	853.57
iv. Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
(a) Opening balance @	623.12	383.95
(b) Provisions made during the year	288.13	420.86
(c) Write-off of excess provision (Utilized for write-off)	175.83	181.69
(d) Write back of excess provisions / reversal	0.00	0.00
(e) Closing balance @	735.42	623.12

1. Closing Balance of Gross & Net NPA is net of the interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).
2. For the purpose of arriving at Net NPA, claims received from ECGC amounting to ₹10.21 crores and provision for diminution in fair value of Restructured NPA accounts amounting to ₹15.67 crores have been deducted from Gross NPA.
3. @ includes Floating provision of ₹100 crores.

## 4.2 Disclosure of Restructured Accounts

(₹ in crore)

Type of Restructuring ->	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL
Restructured accounts as on April 1 of the FY (Opening Figure)*	12	3	0	0	15	20	1182	104	0	1306	23	436	23	0	482	55	1621	127	0	1803
	351.44	49.80	0.00	0.00	401.24	11.10	16.83	1.57	0.00	29.50	668.75	58.25	13.44	0.00	740.44	1031.29	124.88	15.01	0.00	1171.18
	22.58	0.00	0.00	0.00	22.58	0.34	0.70	0.06	0.00	1.10	6.11	0.24	0.49	0.00	6.84	29.03	0.94	0.55	0.00	30.52
Fresh restructuring during the year	14	1	0	0	15	22	0	1	0	23	34	0	0	0	34	70	1	1	0	72
	901.74	12.89	0.00	0.00	914.63	15.95	0.00	0.41	0.00	16.36	661.12	0.00	0.00	0.00	661.12	1578.81	12.89	0.41	0.00	1592.11
	85.04	1.51	0.00	0.00	86.55	0.38	0.00	0.01	0.00	0.39	27.54	0.00	0.00	0.00	27.54	112.96	1.51	0.01	0.00	114.48
Upgradations to restructured standard category during the FY	0	0	0	0	0	48	-47	-1	0	0	25	-22	-3	0	0	73	-69	-4	0	0
	0.00	0.00	0.00	0.00	0.00	0.89	-0.87	-0.02	0.00	0.00	29.71	-29.67	-0.04	0.00	0.00	30.60	-30.54	-0.06	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.04	-0.04	0.00	0.00	0.00	0.02	-0.01	-0.01	0.00	0.00	0.06	-0.05	-0.01	0.00	0.00
Restructured STD advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	8				8	389				389	478				478	875				875
	69.31				69.31	51.79				51.79	575.31				575.31	696.41				696.41
	4.63				4.63	0.85				0.85	2.98				2.98	8.46				8.46
Downgradations of restructured accounts during the FY	-2	1	1	0	0	-6	6	0	0	0	-4	4	0	0	0	-12	11	1	0	0
	-83.56	37.44	46.12	0.00	0.00	-0.91	0.91	0.00	0.00	0.00	-76.78	76.78	0.00	0.00	0.00	-161.25	115.13	46.12	0.00	0.00
	-5.88	3.44	2.44	0.00	0.00	-0.04	0.04	0.00	0.00	0.00	-0.28	0.28	0.00	0.00	0.00	-6.20	3.76	2.44	0.00	0.00
Write-offs of restructured accounts during the FY	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	0	1
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.20	0.00	3.20	0.00	0.00	3.20	0.00	3.20
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47	0.00	0.47	0.00	0.00	0.47	0.00	0.47
Restructured accounts as on March 31 of the FY (Closing balance *)	22	5	2	0	29	30	257	832	0	1119	51	76	209	0	336	103	338	1043	0	1484
	1033.10	111.29	55.18	0.00	199.57	25.21	3.76	11.32	0.00	40.29	1055.71	77.18	18.72	0.00	1151.61	2114.02	192.23	85.22	0.00	2391.47
	95.96	11.10	3.50	0.00	110.56	0.51	0.16	0.48	0.00	1.15	38.67	0.25	0.19	0.00	39.11	135.14	11.51	4.17	0.00	150.82

\* Excluding the figures of Standard Advances which do not attract higher provisioning or risk weight (if applicable).  
Data regarding borrowers restructured during the year adopted from audited branch returns. Remaining data taken from MIS statement of the bank

#### 4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	31.03.2013	31.03.2012
1. Number of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
3. Aggregate consideration	Nil	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. Aggregate gain / loss over net book value	Nil	Nil

#### 4.4 Details of Non-performing financial assets purchased / sold

##### A. Details of Non-performing financial assets purchased

(₹ in crore)

Particulars	31.03.2013	31.03.2012
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil

##### B. Details of Non-performing financial assets sold

(₹ in crore)

Particulars	31.03.2013	31.03.2012
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

#### 4.5 Provision on Standard Assets

(₹ in crore)

Particulars	31.03.2013	31.03.2012
Provision made during the year towards Standard Assets	54.38	54.27
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	309.55	255.17

#### 4.6 Sector-wise NPAs

S. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		31.03.2013	31.03.2012
1	Agriculture & Allied Activities	1.65	1.51
2	Industry (Micro & Small, Medium and Large)	2.37	3.10
3	Services	3.45	2.93
4	Personal Loans	2.36	2.52

**4.7 Movement of NPA**

(₹ in crore)

Particulars	2012-13	2011-12
Gross NPA as on 1st April of particular year (Opening balance)	1488.75	835.23
Additions (fresh NPA) during the year	2406.55	2740.51
Sub - Total (A)	3895.30	3575.75
Less:		
i) Up gradations	1485.73	1576.97
ii) Recoveries (excluding recoveries made from upgraded accounts)	483.86	328.33
iii) Write-offs	175.83	181.69
Sub - Total (B)	2145.42	2086.99
Gross NPA as on 31st March of following year (Closing balance) (A-B)	1749.88	1488.75

**4.8 Overseas Assets, NPAs and Revenue**

(₹ in crore)

Particulars	2012-13
Total Assets	Nil
Total NPAs	Nil
Total Revenue	Nil

**4.9 Provision coverage ratio (PCR)**

Particulars	2012-13	2011-12
Provisioning to Gross Non-Performing Assets of the Bank	62.03%	61.73%

**5. BUSINESS RATIOS**

Particulars	31.03.2013	31.03.2012
i. Interest Income as a percentage of Working Funds	9.21	8.70
ii. Non-Interest income as a percentage of Working Funds	0.70	0.83
iii. Operating profit as a percentage to Working Funds	1.44	1.59
iv. Return on Assets	0.66	0.65
v. Business (Deposits plus Advances) per Employee (₹ in crore)	12.59	10.66
vi. Profit per Employee (₹ in crore)	0.05	0.042

## 6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities as at 31.03.2013

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Deposits</b>	154.86 (103.45)	1706.06 (830.83)	1715.66 (1168.26)	2316.43 (965.61)	3926.36 (4067.89)	1973.81 (4107.19)	7234.34 (8980.98)	23956.50 (18595.21)	15577.15 (12757.69)	26062.55 (19892.72)	84623.72 (71469.83)
<b>Advances</b>	393.53 (252.32)	510.05 (452.44)	657.22 (715.14)	2884.21 (3297.52)	13331.09 (8963.49)	7934.48 (5690.27)	13347.59 (12684.34)	8696.41 (6830.79)	5196.44 (4352.21)	14532.60 (12107.43)	67483.62 (55345.95)
<b>Investments</b>	103.55 (311.45)	163.52 (39.52)	249.45 (97.41)	318.93 (97.96)	1743.54 (875.00)	382.80 (954.19)	186.05 (757.72)	3583.70 (2778.71)	3714.11 (429.73)	16509.85 (16095.89)	27225.50 (22437.58)
<b>Borrowings</b>	400.00 (378.13)	0.00 (Nil)	271.43 (Nil)	0.00 (Nil)	2166.27 (1736.89)	407.14 (1397.58)	1270.76 (362.11)	1893.07 (1525.15)	413.38 (657.39)	1925.11 (1550.06)	8747.16 (7607.31)
<b>Foreign Currency Assets</b>	345.38 (448.74)	286.36 (5.89)	302.72 (3.08)	39.63 (32.10)	524.11 (269.97)	623.33 (648.33)	215.73 (384.90)	108.72 (428.14)	75.78 (281.53)	0.00 (115.83)	2521.76 (2618.51)
<b>Foreign Currency Liabilities</b>	95.17 (104.20)	8.76 (280.03)	279.91 (37.24)	29.01 (73.00)	1044.63 (963.00)	573.07 (1057.53)	400.22 (738.20)	550.30 (302.00)	165.80 (63.00)	15.45 (NIL)	3162.32 (3618.20)

\*(Figures in brackets relate to previous year)

Note: In compiling the above data certain assumptions as per RBI guidelines and estimates have been made by the Management and relied upon by the Auditors.



## 7. EXPOSURES

### 7.1 Exposure to Real Estate Sector

(₹ in crore)

Particulars	31.03.2013	31.03.2012
a. Direct Exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	9064.47	8792.91
(The above include priority sector advances )	(5969.62)	(6445.32)
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	752.47	778.32
iii. Investments in Mortgage Based Securities (MBS) and other securitised exposures		
- Residential	0.00	0.00
- Commercial Real Estate	0.00	0.00
b. Indirect Exposure		
Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	877.30	1278.89
<b>Total Exposure to Real Estate Sector</b>	<b>10694.24</b>	<b>10850.12</b>

(As compiled by the Management and relied upon by the Auditors)

## 7.2 Exposure to Capital Market

(₹ in crore)

Particulars	31.03.2013	31.03.2012
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	147.52	172.37
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	0.02	0.02
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	0.33	Nil
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	23.24	39.88
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii) Bridge loans to companies against expected equity flows / issues	Nil	Nil
viii) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix) Financing to stockbrokers for margin trading	Nil	Nil
x) All exposures to Venture Capital Funds (both registered and unregistered)	12.52	9.45
<b>Total Exposure to Capital Market</b>	<b>183.63</b>	<b>221.72</b>

(As compiled by the Management and relied upon by the Auditors)

**7.3 Risk Category-wise Country Exposure**

(₹ in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2013	Provision Held as at 31.03.2013	Exposure (net) as at 31.03.2012	Provision Held as at 31.03.2012
Insignificant	0.68	Nil	6.60	Nil
Low	683.73	Nil	615.64	Nil
Moderate	328.47	Nil	75.49	Nil
High	3.83	Nil	8.13	Nil
Very High	26.19	Nil	17.73	Nil
Off Credit / Restricted	0.05	Nil	0.00	Nil
<b>Total</b>	<b>1042.95</b>	<b>Nil</b>	<b>723.59</b>	<b>Nil</b>

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 21.03.2013. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2013 to any of the Countries, provision for Country risk is not necessary.

**7.4 Details of Single Borrower (SGL) / Group Borrower (GBL) Limit exceeded by the Bank**

In terms of the Loan Policy, the exposure to a single borrower should not exceed 15% of Bank's capital funds. In exceptional circumstances with the approval of the Executive Committee of Bank's Board, additional exposure to a borrower up to a maximum of 5% of capital funds may be considered subject to the borrower consenting to the Bank to make appropriate disclosures in its Annual Report.

a. Individual accounts (Ceiling level 15% of Capital Funds- ₹880.06 crore)

Bank has not exceeded the exposure ceiling in any single borrower.

b. Group Borrowers (Ceiling level of 40% of Capital Funds: ₹2346.84 crores)

Bank has not exceeded the exposure ceiling in any group of borrowers.

**7.5 Unsecured Advances**

(₹ in crore)

Particulars	31.03.2013	31.03.2012
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	203.72	180.38
Other Unsecured Advances	8906.93	8888.02

# The estimated value of rights, licenses, authorities etc. charged on the total amount of advances are as follows:

(₹ in crore)

31.03.2013	31.03.2012
400.00	225.00

## MISCELLANEOUS

### 8.1 Amount of Provisions made for Taxes during the year:

(₹ in crore)

Particulars	31.03.2013	31.03.2012
Income Tax (including deferred tax)	279.84	236.79*
Wealth Tax	0.83	0.50
Dividend Distribution Tax	16.22	14.16

\* Net of excess provision written back of ₹49.83 crores pertaining to previous years

### 8.2 Disclosures of Penalties imposed by Reserve Bank of India

During the year RBI has not imposed any penalty on the Bank.

## 9. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

### 9.1 Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies

There are no material prior period income / expenditure items and changes in accounting policies requiring disclosure under Accounting Standard 5.

### 9.2 Accounting Standard 6: Depreciation Accounting

Break up of total depreciation for the year for each class of assets is as under:

(₹ in crore)

Class of Assets	31.03.2013	31.03.2012
Premises	3.07	3.15
Other Fixed Assets	55.68	47.05
Leased Assets	Nil	Nil

### 9.3 Accounting Standard 9: Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy number 10.1. These are considered not material in terms of RBI guidelines, and hence do not require disclosure.

### 9.4 Accounting Standard 15 (Revised): Employee Benefits

#### 9.4.1. Significant changes in the Principal Accounting Policies

During the Financial Year 2010-11, the Bank re-opened the pension option for such of its employees who had not opted for pension scheme earlier. As a result of this exercise, the bank has incurred a liability of ₹ 558.35 crore. Further the limit of Gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to Payment of Gratuity Act, 1972. As a result of this the Gratuity liability of the bank has increased by ₹ 113.56 crore.

In accordance with the provision of the RBI Circular number DBOD.BP.BC.80/21.04.018/2010-11, the bank would amortize the amount of ₹671.91 crore over a period of five years commencing from the year ended 31.03.2011. Accordingly, ₹134.38 crore (representing one-fifth of ₹671.91 crore) has been charged to the Profit and Loss Account during the year. In terms of the requirements of the aforesaid circular, the balance amount carried forward, ie. ₹ 268.76 crore does not include any amount relating to separated / retired employees and shown under "Other Assets' Schedule 11. Had such a circular not been issued by the RBI, and accounting had been done in terms of the Accounting Standard 15, Employee Benefit, the profit of the Bank for the year would have been higher by ₹134.38 crore and Reserves and Surplus would have been lower by ₹ 268.76 crore.

## 9.4.2. Employee Benefits

## I) Defined Benefit Pension Plan and Gratuity

The following table sets out the status of the defined benefit Pension Plan, Gratuity Plan and Resettlement Plan as required under Accounting Standard 15: (₹ in crore)

Particulars	Pension Plan	Gratuity
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation at 01.04.2012	2077.44	394.01
Current Service Cost	49.83	19.02
Interest Cost	172.40	33.25
Actuarial Gains/(Losses)	7.67	5.85
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	(90.70)	(37.26)
Closing defined benefit obligation at 31.03.2013	2216.64	414.87
<b>Change in Plan Assets</b>		
Opening fair value of Plan Assets at 01.04.2012	2019.42	403.17
Expected Return on Plan Assets	160.54	32.05
Contributions by Employer	27.72	NIL
Benefit paid	(90.70)	(37.26)
Actuarial Gains/(Losses)	65.74	14.52
Closing fair value of Plan Assets at 31.03.2013	2182.72	412.48
<b>Reconciliation of present value of the obligation and fair value of the Plan Assets</b>		
Present Value of Funded obligation at 31.03.2013	2216.64	414.87
Fair Value of the Plan Assets at 31.03.2013	2182.72	412.48
Deficit/(Surplus)	33.92	2.39
Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability/(Asset)	33.92	2.39
Amount Recognized in the Balance Sheet		
Liabilities	2216.64	414.87
Assets	2182.72	412.48
Net Liability/(Asset) recognized in Balance Sheet as at 31.03.2013	33.92	2.39
<b>Net Cost recognized in the profit and loss account</b>		
Current Service Cost	49.83	19.02
Interest Cost	172.40	33.25
Expected return on Plan Assets	(160.54)	(32.05)
Net actuarial losses (Gain) recognized during the year	(58.07)	(8.67)
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil
Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans charged to P&L under Schedule 16 'Payments to and Provisions for Employees'	3.61	11.55
<b>Reconciliation of expected return and actual return on Plan Assets</b>		
Expected Return on Plan Assets	160.54	32.05
Actuarial Gain/(Loss) on Plan Assets	65.74	14.52
Actual Return on Plan Assets	226.28	46.57
<b>Reconciliation of opening and closing Net Liability recognized in Balance Sheet</b>		
Opening Net Liability as at 01.04.2012	58.02	(9.16)
Expenses as recognized in profit and loss account	3.62	11.55
Employers' contribution	(27.72)	0
Net Liability/(Asset) recognized in Balance Sheet as at 31.03.2013	33.92	2.39
Expected Contribution in the next Financial Year (2013-14)	61.20	12.00

ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2013 are as follows:

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
340.05	83.31%	2037.75	94.79%

Out of the above following investment are made in State Bank of India:

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
89.00	21.80%	52.00	2.42%

iii) All the actuarial gains and losses have been fully recognized in the statement of profit and loss.

iv) Brief description of type of plan:

Pension is paid to all eligible pension optees, on superannuation, voluntary retirement, etc. To be eligible for pension, the employee should have put in minimum ten years of service.

Gratuity is payable to all eligible employees on superannuation, voluntary retirement, etc. To be eligible for gratuity, the employee should have put in minimum five years of service.

v) The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 7.50% per annum.

vi) Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
Discount Rate as at 01.04.2012	8.50%	8.50%
Expected Rate of return on Plan Asset as at 01.04.2012	7.50%	7.50%
Salary Escalation as at 01.04.2012	6.00%	6.00%
Discount Rate as at 31.03.2013	8.24%	8.24%
Expected Rate of return on Plan Asset as at 31.03.2013	7.50%	7.50%
Salary Escalation as at 31.03.2013	5.60%	5.60%

vii) The estimates of future salary increase considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

#### 9.4.3 Defined Contribution Plan

Amount of ₹ 0.89 crore recognized as an expense towards the Provident Fund scheme of the Bank and ₹ 3.09 crore as an expense towards new pension scheme is included under the head 'Payments to and provisions for employees' in profit and loss account.

#### 9.4.4. Other Long term Employee Benefits

Amount of ₹ 14.07 crore ( Previous Year ₹ 33.86 crore) is recognized as an expense towards Other Long term Employee Benefits included under the head 'Payments to and Provisions for Employees' in profit and loss account.

### 9.5 Accounting Standard 17: Segment Reporting

#### Part A: Business Segments

Pursuant to RBI guidelines, the Bank has re-classified the business segments in which the Bank operates into:

- a. Corporate /Wholesale Banking
- b. Retail Banking
- c. Treasury and
- d. Other Banking Operations

The classification has been done on the basis of following criteria:

- i) Corporate / Wholesale Banking: All loan and advance accounts with exposure of above ₹5 crore are classified under wholesale / corporate Banking.
- ii) Retail: All loan and advance accounts which are not covered above will be taken as Retail Banking.
- iii) Treasury: Entire investment portfolios are classified under Treasury segment.
- iv) Other Banking Operations: The Bank does not have Other Banking Operations segment.

Allocation of Income and Expenses and Assets / Liabilities:

- (a) Income and Expenses and Assets / Liabilities directly attributed to particular segment are allocated to the relative segment.
- (b) Items that are not directly attributable to segments are allocated to retail and wholesale segments in proportion to the business managed / ratio of number of employees / ratio of directly attributable income.
- (c) The Bank has certain common assets / liabilities and income / expense that cannot be attributed to any particular segment and hence the same are treated as unallocated.

**Part B : Business Segments**

(₹ in crore)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Revenue	2014.07	1573.94	3562.38	2467.02	3711.42	3436.09	0.00	0.00	9287.86	7477.05
Result	-118.47	-179.10	496.70	384.45	517.48	542.40	0.00	0.00	895.71	747.75
Unallocated expenses									0.00	0.00
Operating profit *									895.71	747.75
Income taxes									280.67	237.29
Extraordinary profit/loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									615.04	510.46
<b>Other Information:</b>										
Segment assets	32200.61	28577.04	33781.36	25002.16	35194.66	32047.64	0.00	0.00	101176.63	85626.84
Unallocated assets									402.70	322.50
Total assets									101579.33	85949.34
Segment liabilities	9023.31	7759.00	45329.79	31464.63	47226.23	46725.71	0.00	0.00	101579.33	85949.34
Unallocated liabilities									0.00	0.00
Total liabilities									101579.33	85949.34

\* Operating profit is arrived at after deduction of provisions & contingencies of ₹ 455.30 crore ( previous year ₹ 501.05 crore)

**Part C: Geographic Segment**

The Bank operates only in the Domestic segment and therefore, no separate disclosure under geographic segment is made.

**9.6 Accounting Standard 18: Related Party Disclosures**

The Key Managerial Personnel of the Bank and their remuneration (including superannuation benefits) during 2012-13 are as below:

(₹ in crore)

Name	Designation	Period	Salary & Allowances	Perquisites
Sri P Nandakumaran	Managing Director	2012-2013	0.20	0.06

Note: As all the other related parties are State Controlled Enterprises as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, transactions with them are not disclosed.



### 9.7 Accounting Standard 19: Leases

The properties taken on lease / rental basis are renewable / cancelable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

### 9.8 Accounting Standard 20: Earnings Per Share

Earnings per share has been computed as under:

Particulars	31.03.2013	31.03.2012
Net Profit (₹ in crore)	615.04	510.46
Weighted Average Number of Equity Shares	5,00,00,000	5,00,00,000
Earnings per share in Rupees - Basic (Face value of share ₹10)	123.01	102.09
Earnings per share in Rupees – Diluted(Face value of share ₹10)	123.01	102.09

### 9.9. Accounting Standard 22: Accounting for Taxes and Income

The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2013 into major components of the respective balances are as under:

(₹ in crore)			
Tax effects of timing differences	Opening balance as on 1.4.2012	Adjustment during the year in P&L	Closing balance as on 31.3.2013
<b>Deferred Tax Assets (DTA)</b>			
Provision on Employee Benefits	55.53	7.85	63.38
Depreciation & Amortization of Investments	128.96	6.90	135.86
Total Deferred Tax Assets	184.49	14.75	199.24
<b>Deferred Tax Liabilities (DTL)</b>			
Amortisation of Pension & Gratuity	130.80	-43.60	87.20
SBT Special HL Insurance Premium	2.89	-0.42	2.47
Depreciation on Fixed Assets	1.06	-0.39	0.67
Total Deferred Tax Liabilities	134.75	-44.41	90.34
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>49.74</b>	<b>59.16</b>	<b>108.90</b>

### 9.10 Accounting Standard 28: Impairment of Assets

In the opinion of the Management, there is no impairment to the assets to which Accounting Standard 28 on "Impairment of Assets" applies.

### 9.11 Accounting Standard 29: Statement of Provisions, Liabilities and Contingent Liabilities

a) Movement in Provision for Contingent liabilities

(₹ in crore)		
Particulars	31.03.2013	31.03.2012
Balance as on 1st April	1.72	1.72
Additions during the year	Nil	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31st March	1.72	1.72

#### b) Contingent liabilities

Liabilities at Item - I and VII of Schedule 12 of the Balance Sheet are dependent upon the outcome of court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, respectively.

#### c) Claims against the Bank, not acknowledged as debts

Total claims against the Bank, which is not acknowledged as debt represent tax demands in respect of which the Bank is in appeal of ₹ 493.48 crore and the cases sub-judice ₹ 1.56 crore.

The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

#### d. Liability on account of outstanding forward exchange contracts

The bank enters in to foreign exchange contracts, currency options forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts.

#### e. Guarantees given on behalf of Constituents, acceptance, endorsements and other obligations

As part of its commercial banking activities, the Bank issues Documentary credits and guarantees on behalf of its customers Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfill his financial or performance obligations.

#### f. Other items for which the bank is contingently liable

The Bank is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Bank and not provide for. Further, the Bank has made commitments to subscribe to shares in the normal course of business.

## 10. FIXED ASSETS

- Depreciation on flats has been provided on the actual cost of acquisition, as land value is not separately available
- Gross Value of fixed assets (other than premises) jointly owned by State Bank of India and other Associate Banks

(₹ in crore)

	31.03.2013		31.03.2012	
	Gross Value	Bank's Share(10%)	Gross Value	Bank's Share(10%)
Gross Value	808.09	80.81	736.28	73.63
Accumulated Depreciation	757.99	75.80	689.05	68.91
Written Down Value	50.10	5.01	47.23.	4.72

## 11. INTER OFFICE ACCOUNTS

Reconciliation of transactions in Inter-Branch transactions, ATM balances, Accounts with State Bank of India & Associate Banks, Government (Central & State) transactions accounts, Draft Payable account, Nostro accounts, System Suspense account, Clearing and other Adjusting accounts are completed upto 31.3.2013 and steps for elimination of outstanding entries are in progress. In the opinion of the management, there are no significant items in the reconciliation to have any material consequential effect.

## OTHER/ADDITIONAL DISCLOSURES

### 12.1 Details of Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss account	2012-13	2011-12
Provision for Depreciation on Investment	12.01	15.64
Provision towards NPA	288.13	420.87
Provision towards Standard Asset	54.38	54.27
Provision made towards Income Tax (Including deferred tax)	279.84	236.79*
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	14.18	1.49
b) Provision for interest sacrifice on restructured Standard Assets	90.41	11.12
c) Provision for other Miscellaneous items	(3.81)	(2.34)
d) Wealth Tax	0.83	0.50
<b>TOTAL</b>	<b>735.97</b>	<b>738.34</b>

\*Net of excess provision written back of ₹49.83 crores pertaining to previous years

### 12.2 Floating Provision

(₹ in crore)

Particulars	2012-13	2011-12
a) Opening Balance in the floating provisions account	100.00	100.00
b) The quantum of floating provisions made in the accounting year	Nil	Nil
c) Amount of draw down made during the accounting year	Nil	Nil
d) Closing balance in the floating provisions account	100.00	100.00

### 12.3 Draw Down from Reserves

No amount has been drawn from the Reserves during the current year (Previous year: ₹3.25 crore was drawn from Special Reserve Account – Interest rate derivatives)

### 12.4 Disclosure of Complaints

#### A. Customer Complaints

S. No.	Particulars	Numbers
1	Number of Complaints pending at the beginning of the year	21
2	Number of Complaints received during the year	1586
3	Number of Complaints redressed during the year	1546
4	Number of Complaints pending at the end of the year	61

#### B. Award passed by the Banking Ombudsman

S. No.	Particulars	Numbers
1	Number of Unimplemented Awards at the beginning of the year	NIL
2	Number of Awards passed by the Banking Ombudsmen during the year	NIL
3	Number of Awards implemented during the year	NIL
4	Number of Unimplemented Awards at the end of the year	NIL

### 12.5 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comforts (LoCs) during the year other than those issued in the normal course of business.

## 12.6 Fees / Remuneration received in respect of Banc-assurance business undertaken by the Bank

The Bank has received the following fees / remuneration in respect of the Banc-assurance business undertaken by the Bank:

(₹ in crore)

S. No.	Nature of income	2012-13	2011-12
1	For selling Life Insurance Policy	6.70	8.21
2	For selling Non-Life Insurance Policy	2.12	2.63
3	For selling Mutual Fund products	0.97	0.97
4	Others - SBI Cards, etc.	0.08	0.02
	TOTAL	9.87	11.83

## 12.7 Concentration of Deposits, Advances, Exposures and NPAs

### A. Concentration of Deposits

(₹ in crore)

Particulars	2012-13	2011-12
Total Deposits of twenty largest Depositors	10210.65	7027.41
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	12.07%	9.83%

### B. Concentration of Advances

(₹ in crore)

Particulars	2012-13	2011-12
Total Advances to twenty largest Borrowers	7944.87	8544.07
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	11.57%	15.24%

### C. Concentration of Exposures

(₹ in crore)

Particulars	2012-13	2011-12
Total Exposure to twenty largest Borrowers / Customers	10074.16	9361.70
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	12.21%	16.71%

### D. Concentration of NPA

(₹ in crore)

Particulars	2012-13	2011-12
Total Exposure to Top four NPA accounts	324.40	248.92

## 12.8 Off-Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

12.9 Previous year's figures have been regrouped / rearranged wherever necessary.

**Signatures to Schedules I to 18**

**Gadadhara Misra**  
Deputy General Manager (Finance and Accounts)

**Chandrasekharan S**  
General Manager (Treasury) & CFO

**E K Harikumar**  
Chief General Manager (CB)

**Sajeev Krishnan**  
Chief General Manager (RB)

**P Nanda Kumaran**  
Managing Director

**Pratip Chaudhuri**  
Chairman

**DIRECTORS**

**Rajeev Nandan Mehra**

**Pradip Kumar Sanyal**

**Jitendar Kumar Mehan**

**K. T.Rajagopalan**

**C.Raj Kumar**

**K.Muraleedharan Pillai**

**T.Balakrishnan**

**C.N.Venugopalan**

**As per our report of even date AUDITORS**

**For Jagdish Chand & Co**  
Chartered Accountants  
Praveen Kumar Jain  
Partner  
Membership No: 085629  
FRN: 000129N

**For B.V.Rao & Co**  
Chartered Accountants  
B.V.Rao  
Partner  
Membership No: 019138  
FRN: 003118S

**For Sridhar & Co**  
Chartered Accountants  
I.Jayasindhu  
Partner  
Membership No: 205660  
FRN: 003978S

**For Abraham & Jose**  
Chartered Accountants  
Jose Pottokaran  
Partner  
Membership No: 012056  
FRN: 000010S

**For G.K.Rao & Co**  
Chartered Accountants  
Suryanarayana Reddy.B  
Partner  
Membership No: 021071  
FRN: 003124S

**For RGN Price & Co**  
Chartered Accountants  
P.M.Veeramani  
Partner  
Membership No: 023933  
FRN: 002785S

Mumbai , 26th April, 2013

## STATE BANK OF TRAVANCORE

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in thousands)

	For the year ended 31-03-2013	For the year ended 31-03-2012
A. CASH FLOW FROM OPERATING ACTIVITIES	-6408842	7862333
B. CASH FLOW FROM INVESTING ACTIVITIES	-1017720	-721012
C. CASH FLOW FROM FINANCING ACTIVITIES	-3063025	2499860
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-10489587	9641181
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	58166634	48525453
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	<b>-10489587 47677047</b>	<b>9641181 58166634</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit for the year	6150424	5104563
Add : Provision for Income Taxes	3390000	776200
Provision for other Taxes	8300	5000
Deferred taxes	-591600	1591700
Net Profit before Taxes	8957124	7477463
Adjustment for :		
Depreciation charges	587595	501970
Provision for NPAs	2881371	4208664
Provision on standard assets	543800	542700
Provision on Restructured standard assets	904054	111149
Provision on Restructured NPA	141801	14926
Depreciation on Investments	120094	156450
Amortisation of Investments	572935	917404
Other provisions	-38154	-55846
Deferred Revenue Expenditure written off during the year	1343826	1343826
Dividend from subsidiaries (investing activity)	0	0
Interest paid on Innovative Perpetual Debt Instruments	286300	286300
Interest paid on Upper Tier II Bonds	963000	516337
Interest paid on SBT Bonds	651500	651500
Less : Direct Taxes	3608667	2891925
SUB-TOTAL	5349455	6303455
Adjustment for :		
Increase / (Decrease) in Deposits	131538930	133119074
Increase / (Decrease) in Borrowings	11398463	13808117
(Increase) / Decrease in Investments	-48572206	-46179822
(Increase) / Decrease in Advances	-125303864	-97351998
Increase / (Decrease) in Other Liabilities	7495137	-6373256
(Increase) / Decrease in Other Assets	2728119	-2940700
NET CASH PROVIDED BY OPERATING ACTIVITIES	<b>-6408842</b>	<b>7862333</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in Subsidiaries and/or Joint Ventures	0	0
Income earned on such Investments	0	0
Fixed Assets	-1017720	-721012
NET CASH USED IN INVESTING ACTIVITIES	<b>-1017720</b>	<b>-721012</b>

(₹ in thousands)

	For the year ended 31-03-2013	For the year ended 31-03-2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital	0	0
Share Premium	0	0
Issue of Innovative Perpetual Debt Instruments	0	0
Issue of Upper Tier II Bonds	0	5000000
Issue of Subordinated Bonds	0	0
Redemption of IPDI Bonds	0	0
Redemption of Upper Tier II Bonds	0	0
Redemption of Subordinated Bonds	0	0
Interest Paid on IPDI Bonds	-286300	-286300
Interest Paid on Upper Tier II Bonds	-963000	-516337
Interest Paid on Subordinate Bonds	-651500	-651500
Dividends Paid	-1162225	-1046003
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-3063025</b>	<b>2499860</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
i) Cash in hand (including foreign currency notes and gold)	3887424	3434169
ii) Balances with Reserve Bank of India	43879039	43661550
iii) Balances with Banks and Money at Call and Short Notice	10400171	1429734
	<b>58166634</b>	<b>48525453</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
i) Cash in hand (including foreign currency notes and gold)	3553004	3887424
ii) Balance with Reserve Bank of India	41887041	43879039
iii) Balances with Banks and Money at Call and Short Notice	2237002	10400171
	<b>47677047</b>	<b>58166634</b>

<b>Gadadhara Misra</b> Deputy General Manager (Finance and Accounts)	<b>Chandrasekharan S</b> General Manager (Treasury) & CFO	<b>E K Harikumar</b> Chief General Manager (CB)	<b>Sajeev Krishnan</b> Chief General Manager (RB)	<b>P Nanda Kumaran</b> Managing Director	<b>Pratip Chaudhuri</b> Chairman
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**DIRECTORS**

<b>Rajeev Nandan Mehra</b>	<b>Pradip Kumar Sanyal</b>	<b>Jitendar Kumar Mehan</b>	<b>K.T.Rajagopalan</b>
<b>C.Raj Kumar</b>	<b>K.Muraleedharan Pillai</b>	<b>T.Balakrishnan</b>	<b>C.N.Venugopalan</b>

As per our report of even date **AUDITORS**

<b>For Jagdish Chand &amp; Co</b> Chartered Accountants Praveen Kumar Jain Partner Membership No: 085629 FRN: 000129N	<b>For B.V.Rao &amp; Co</b> Chartered Accountants B.V.Rao Partner Membership No: 019138 FRN: 003118S	<b>For Sridhar &amp; Co</b> Chartered Accountants I.Jayasindhu Partner Membership No: 205660 FRN: 003978S	<b>For Abraham &amp; Jose</b> Chartered Accountants Jose Pottokaran Partner Membership No: 012056 FRN: 000010S	<b>For G.K.Rao &amp; Co</b> Chartered Accountants Suryanarayana Reddy.B Partner Membership No: 021071 FRN: 003124S	<b>For RGN Price &amp; Co</b> Chartered Accountants P.M.Veeramani Partner Membership No: 023933 FRN: 002785S
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## INDEPENDENT AUDITORS' REPORT TO STATE BANK OF INDIA

### Report on the Financial Statements

We, the undersigned auditors of State Bank of Travancore, appointed under section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959 do hereby report that:

1. We have audited the accompanying financial statements of State Bank of Travancore as at 31st March 2013, which comprise the Balance Sheet as at March 31, 2013, Profit and Loss Account, Cash Flow Statement for the year then ended, Principal Accounting Policies and Notes to Accounts. Incorporated in these financial statements are the returns of Zonal Offices, various departments of Head Office and 20 branches audited by us and 660 branches and 8 Centralized Loan Processing units audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 333 branches which have not been subjected to audit. These unaudited branches account for 4.64 percent of advances, 5.94 percent of deposits, 4.53 per cent of interest income and 5.46 per cent of interest expenses of the bank.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with applicable laws of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, as shown by the books of the Bank and to the best of our information and according to the explanations given to us:

- i) The Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March, 2013 in conformity with accounting principles generally accepted in India;
- ii) The Profit and Loss Account, read with the notes thereon shows a true balance of profit in conformity with accounting principles generally accepted in India for the year covered by the account; and
- iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

### Emphasis of Matter

7. We draw attention to Note 9.4.1 to the financial statement, which describes deferment of pension and gratuity liability of the bank to the extent of ₹268.76 crores pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no. DBOD. BPBC/80/21.04.018/2010-11 dated Feb 9, 2011 on Re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits – Prudential Regulatory Treatment.



### Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the State Bank of India (Subsidiary Banks) Act, 1959 and subject also to the limitations of disclosure required therein, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
  - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
  - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

#### For Jagdish Chand & Co

Chartered Accountants  
Praveen Kumar Jain  
Partner  
Membership No: 085629  
FRN: 000129N

#### For B.V.Rao & Co

Chartered Accountants  
B.V.Rao  
Partner  
Membership No: 019138  
FRN: 003118S

#### For Sridhar & Co

Chartered Accountants  
I.Jayasindhu  
Partner  
Membership No: 205660  
FRN: 003978S

#### For Abraham & Jose

Chartered Accountants  
Jose Pottokaran  
Partner  
Membership No: 012056  
FRN: 000010S

#### For G.K.Rao & Co

Chartered Accountants  
Suryanarayana Reddy.B  
Partner  
Membership No: 021071  
FRN: 003124S

#### For RGN Price & Co

Chartered Accountants  
P.M.Veeramani  
Partner  
Membership No: 023933  
FRN: 002785S

Dated : 26th April 2013

Place : Mumbai

## REPORT ON CORPORATE GOVERNANCE

### I. The Bank's philosophy on Corporate Governance

State Bank of Travancore is committed to the best practices in the area of corporate governance, in letter and spirit. The Bank believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimising the value for all its stakeholders. The objectives can be summarised as;

- To enhance shareholder value.
- To protect the interests of shareholders and other stakeholders including customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

#### The Bank is committed to;

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership, exercises control over management and monitors executive performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advice and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Managing Director has responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The roles of the Managing Director and the Board of Directors are also guided by the State Bank of India (Subsidiary Banks) Act, 1959, and Subsidiary Banks General Regulations, 1959 with all amendments.
- Ensuring that a Senior Executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and report deviation, if any.

A report on the implementation of the provisions of Corporate Governance in our Bank is furnished below:

### 2. Board of Directors

- (i) The Board of Directors consists of the Chairman, Managing Director, three Directors nominated by SBI, of whom two are Officers of SBI, two elected independent Directors, one nominee each from Reserve Bank of India and Government of India, an Officer Employee Director and a workmen Director as on 31.01.2013.
- (ii) a) Attendance of each Director at the Board meetings and the last AGM.

Sl. No.	Name of Director	No. of Meetings		
		Held during his/her tenure	Present	AGM
1	Shri Pratip Chaudhuri, Chairman	10	5	P
2	Shri Shyamal Acharya	6	4	P
3	Shri P Nanda Kumaran	10	9	P
4	Shri A K Deb	6	5	P
5	Shri Rajeev Nandan Mehra	4	4	NA
6	Shri B Ramesh Babu	2	1	NP
7	Shri Pradip Kumar Sanyal	7	5	NA
8	Dr J Sadakadulla	10	6	NP
9	Shri C N Venugopalan	10	10	P
10	Shri P Vinayagam	3	1	NP
11	Shri Jitendar Kumar Mehan	7	2	NA
12	Shri Gyan Chand Pipara	1	1	NA
13	Shri C Rajkumar	10	9	P
14	Shri K Muraleedharan Pillai	10	10	P
15	Shri T Balakrishnan	10	10	P
16	Shri K T Rajagopalan	10	10	P

(P = Present, NP = Not Present, NA = Not Applicable)

- (ii) b) Total number of memberships / Chairmanships held by the Directors on the Boards / Board Level Committees of the Bank / other Companies as on 31.03.2013:

Sl No.	Name of Director	Occupation & Address	Appointed to Board since	Number of Companies (including the Bank)
1	Shri Pratip Chaudhuri	Chairman, State Bank of India Corporate Centre Mumbai – 400 021	07.04.2011	Chairman: 20 Director: 2 Member/ Member of the Governing Board: 12
2	Shri P Nanda Kumaran	Managing Director State Bank of Travancore, Head Office, Poojapura Thiruvananthapuram	22.08.2011	Director: 1 Chairman of Committee: 5 Member of the Committee:2
3	Dr J Sadakkadulla	Principal, Reserve Bank Staff College, Chennai	03.01.2011	Director: 1 Chairman of Committee:Nil Member of the Committee:3
4	Shri Rajeev Nandan Mehra	CGM(A&S), SBI, 4thFloor, Corporate Centre, Madame Cama Road, Nariman Point, Mumbai	01.12.2012	Director : 1 Chairman of Committee: 1 Member of Committee: 5
5	Shri Pradip Kumar Sanyal	DGM, SBI, 4th Floor, Corporate Centre, Madame Cama Road, Nariman Point,Mumbai	13.06.2012	Director : 1 Chairman of Committee:Nil Member of Committee: 5
6	Shri Jitendar Kumar Mehan	Under Secretary to Govt of India, Dept.of Financial Services, Ministry of Finance	20.07.2012	Director: 1 Chairman of Committee: 1 Member of Committee: 3
7	Shri C N Venugopalan	Retd Bank Officer Nandanam, Kesari Junction North Paravoor, Kerala– 683 513	11.01.2011	Director: 1 Chairman of Committee:Nil Member of the Committee:5
8	Shri T Balakrishnan	Retd Deputy General Manager, SBT, SBM & SBS 2/1784, Adrta PO. Civil Station Kozhikode – 673 020	01.02.2011	Director: 1 Chairman of Committee: 2 Member of the Committee:5
9	Shri K T Rajagopalan	Retd Bank Executive Sayujyam E 65, Kattachal Road Thirumala Thiruvananthapuram –695 006.	01.02.2011	Director: 1 Chairman of Committee: 0 Member of the Committee:6
10	Shri C Rajkumar	Chief Manager, StateBank of Travancore, General Secretary, Banks Officers Association Unit – State Bank of Travancore P B No.290 – BNI Building Statue, Thiruvananthapuram –695 001	01.10.2010	Director: 1 Chairman of Committee:Nil Member of Committee: Nil
11	Shri K Muraleedharan Pillai	General Secretary, SBT Employees Union, TKV Smarakam, PB No.157, Thiruvananthapuram-695001	19.07.2010	Director: 1 Chairman of Committee:Nil Member of Committee : Nil

(ii) c) Attendance of Directors, category-wise, at Board Meetings:

Date of the Meeting	No. of Directors Attended		
	Non-Executive/RBI/GOI Nominees	Whole-time including Chairman	Total
27.04.2012	11	2	13
26.05.2012	7	2	9
13.06.2012	7	1	8
30.07.2012	8	2	10
10.09.2012	8	1	9
01.11.2012	7	2	9
07.12.2012	7	1	8
28.01.2013	9	2	11
05.03.2013	7	1	8
21.03.2013	7	0	7

iii) Resume of Directors

- Shri Pratip Chaudhuri - Chairman of the State Bank Group - Chairman of the Board under clause (a) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
- Shri P Nanda Kumaran - Managing Director - Director under Clause (aa) of subsection(1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
- Dr J Sadakkadulla - Principal, Reserve Bank Staff College, Chennai - Director under clause (b) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
- Shri Rajeev Nandan Mehra - Chief General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
- Shri Pradip Kumar Sanyal - Deputy General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
- Shri C N Venugopalan - Independent Director nominated under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Bank Officer.
- Shri K Muraleedharan Pillai - Workmen Employee Director nominated under clause (ca) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as Special Assistant, State Bank of Travancore, Puthenchanthai Branch.
- Shri C Rajkumar - Officer Employee Director nominated under clause (cb) of subsection(1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as Chief Manager, State Bank of Travancore, Head Office, Thiruvananthapuram.

- Shri T Balakrishnan - Director elected by shareholders under clause (d) of sub-section(1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Deputy General Manager of State Bank of Travancore. Rendered his services as Deputy General Manager of State Bank of Mysore and State Bank of Saurashtra also.
- Shri KT Rajagopalan - Director elected by shareholders under clause (d) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired General Manager of State Bank of Travancore.
- Shri Jitendar Kumar Mehan - Government of India nominee and Under Secretary, Department of Financial Services, Ministry of Finance, New Delhi - Director under clause (e) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.

(iv) Board meets at least six times in a year and at least once in a quarter. During the year, ten meetings of the Board of Directors were held, on the following dates:

27.04.2012
26.05.2012
13.06.2012
30.07.2012
10.09.2012
01.11.2012
07.12.2012
28.01.2013
05.03.2013
21.03.2013

The quorum for the Board Meeting is four Directors of whom one shall be the Chairman or an Officer of State Bank being a Director nominated by the State Bank of India under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959.

(v) The details of the remuneration paid to the Directors

(i) Remuneration paid to the Managing Director for the financial year 2012-13:

Salary and Allowances paid to the Managing Director for the financial year (inclusive of incentives)	₹ 19,80,979.00
Perquisites	₹ 5,54,287.00

(ii) Sitting fee paid to other Directors.

Directors are paid sitting fee as given below.

For attending meeting of the Board of Directors	₹ 10000
For attending meetings of various Board Level Committees	₹ 5000

Sitting fee is not paid to the Managing Director, SBI Official Directors, Government of India Nominee Director and Reserve Bank of India Nominee Director.

(vi) All the Non-Executive Directors have declared that they do not have any pecuniary relationship vis-à-vis the Bank and that they have not entered into any other transaction with the Bank, except those in the usual course of employment, wherever applicable.

### 3. Executive Committee of the Board of Directors

In terms of section 35 (1) of the State Bank of India (Subsidiaries Bank) Act 1959, an Executive Committee of the Board of Directors has been constituted to consider various business matters viz. sanctioning of credit proposals, approval of capital and revenue expenditure, investments, donation, administrative matters etc., falling beyond the powers of the Managing Director.

The Committee comprises of the Managing Director, three Directors nominated by SBI, of whom two are SBI Officials, and one elected Director. The Committee meets at least once in a month; during the year 2012-13 the Committee met 16 times.

### 4. Audit Committee of the Board

Audit Committee has been constituted to provide direction as also to oversee the operation of the total audit and compliance functions in the Bank. It reviews the inspection reports of specialized and extra large branches and all branches with unsatisfactory ratings. It also specially focuses on the operations of the total audit function in the Bank viz. organisation, operationalisation, and quality control of internal audit and inspection and follow-up of the statutory/external audit of the Bank and inspection by RBI.

The Committee interacts with the Statutory Central Auditors before the finalization of the annual / half-yearly / quarterly financial accounts and reports and also follows up the inspection reports of RBI. The Committee also reviews compliance report in respect of Long Form Audit.

The committee comprises of SBI nominee Director, RBI nominee Director and two non official directors. There is vacancy of the Chartered Accountant Director. The Committee meets at least once in a quarter; during the financial year 2012-13, it met 7 times.

Attendance of each Director at the meetings of the Audit Committee of the Board:

Sl. No.	Name of Director	No. of Meetings	
		Held during his/her tenure	Present
1.	Shri Gyan Chand Pipara	1	1
2.	Shri A K Deb/ Shri Rajeev Nandan Mehra Shri B Ramesh Babu/ Shri Pradip Kumar Sanyal (Any one of the SBI Official director)	7	7
3.	Shri K T Rajagopalan	7	7
4.	Dr J Sadakkadulla	7	3
5.	Shri T Balakrishnan	6	6

### 5. Special Committee of the Board for Monitoring Large Value Frauds.

The Special Committee of the Directors for Monitoring Large Value Frauds has been constituted as per the instruction from the Reserve Bank of India to monitor and review each fraud of ₹1 crore or more, so as to identify systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same, and also to identify the reasons for delay in detection, if any, in reporting to the Top Management of the Bank and RBI. The committee monitors the progress of CBI / Police investigation, and recovery position and also ensures that staff accountability is examined at all levels in all the cases of fraud, and staff-side action, if required, is completed quickly, without loss of time. The committee comprises of the Managing Director, two Non-Official Directors and two SBI Nominee Directors. The Committee met 4 times during the financial year 2012-13.

### 6. Risk Management Committee of the Board

Risk Management Committee of the Board has been constituted in accordance with the Reserve Bank of India guidelines to oversee the policy and strategy for integrated risk management relative to various risk exposures of the Bank including Credit Risk, Market Risk and Operational Risk. The committee comprises of the Managing Director, SBI nominee Director, and three Non-Official Directors. The Committee meets at quarterly intervals and it met 6 times during the financial year 2012-13.

## 7. Shareholders' / Investors' Grievances Committee

As per the provisions of Clause 49 VI (C) of the Listing Agreement with the Stock Exchanges regarding Corporate Governance, a Board Committee has been constituted to look into the redressal of shareholder and investor complaints relating to delay, if any, in transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc. The Committee comprises of the Managing Director, one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act, 1959 and a Non-Official Director. The Committee meets at least once in a quarter, and during the year 2012-13, it met 4 times.

## 8. Customer Service Committee of the Board

The main function of the Committee is to oversee the functioning of the Apex Level Customer Service Committee and enhance the quality of customer service and improve the level of customer satisfaction for all categories of clientele. The Committee comprises of the Managing Director, a Non-Official Director and one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act 1959. The committee meets at least once in a quarter and is met 4 times during the financial year 2012-13.

## 9. Remuneration Committee of the Board.

The committee was constituted as per the Govt. of India guidelines regarding payment of Performance Linked Incentive Scheme to the Whole Time Directors of PSU Banks. The scheme has since been extended to Chief General Managers also from the financial year 2010-11. The Committee evaluates the performance of the Managing Director and the Chief General Manager based on the broad quantitative parameters and the eligible incentive is paid. The committee comprises of the Govt. of India nominee Director, RBI nominee Director, and two Share holder Directors. The

Committee met once during the financial year 2012-13.

## 10. Nomination Committee of the Board.

Nomination Committee was constituted as per the RBI guidelines for determining the 'Fit and Proper' criteria for elected Directors on the Boards of Associate Banks of State Bank of India and also persons to be elected as a Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. The committee comprises of the SBI nominee Director, Govt. of India nominee Director and two Non-Official Directors nominated under Clause (c) or Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. The Committee met once during the financial year 2012-13.

## 11. Directors' Committee of the Board:

Directors Committee was constituted as per the directives of Government of India regarding review of disposal of Vigilance Disciplinary Cases and departmental enquiries. The committee comprises of a) Group Head of Associates and Subsidiaries at SBI, b) RBI Nominee Director and c) Government Nominee Director. The quorum of the meeting will be two members and it will meet as and when required. The committee met four times during the financial year 2012-13.

## 12. Recovery and NPA Management Committee of the Board:

A new Board Level Committee Viz., Recovery and NPA Management Committee was constituted as per the directions of Government of India. The Committee consists of Managing Director, Government of India Director and one Independent Director. The Chief General Manager (RB) and the Chief General Manager (CB) are the invitees and the General Manager (SAMG) is the Secretary to the Committee. The formation of the Committee was approved by the Board in its meeting held on 5th March 2013. The Committee meets at monthly intervals to monitor the progress in recovery and report to the Board. No meeting of the

## General Body Meetings

### i. Location and time of the last three Annual General Meetings:

Year	AGM No.	Date & Time	Location
2009-10	50 th	29.05.2010 - 11.30A.M.	Thiruvananthapuram
2010-11	51st	28.05.2011 - 12.00 Noon	Thiruvananthapuram
2011-12	52 nd	26.05.2012 - 3.30 P.M	Thiruvananthapuram

- ii. Any special resolutions passed at the AGM during the past 3 years: NIL
- iii. Any postal ballots during the year 2012 – 13 : NIL
- iv. Any postal ballots in the proposed AGM-2013 : NIL

### 13. Disclosures

The Bank has not entered into any materially significant related party transactions with its promoters, Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Bank at large. The Bank has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI, RBI or any other statutory authority relating to the capital markets during the last three years. They have imposed no penalties or strictures on the Bank. The bank has complied in all respects with the requirements of Clause 49 of the listing agreement with the Stock Exchanges, to the extent that the requirements of the clause do not violate the provisions of the State Bank of India (Subsidiary Banks) Act, 1959, the rules and regulations made there under, and guidelines or directives issued by the Reserve Bank of India. Mandatory requirements of clause 49 as to the compositions of the Board of Directors, composition and quorum of the Audit Committee, Non-executive Directors, compensation, the appointment, reappointment of the Statutory Auditors and fixation of their fees are not binding on the Bank, as separate provisions in the State Bank of India (Subsidiary Banks) Act, 1959, the Subsidiary Banks General Regulations, 1959 or the Reserve Bank of India guidelines deal with the same.

A draft Whistle Blower Policy has been placed before the Board of Directors and once the policy is approved by the Board of Directors, it will be communicated to all branches and will be given wide publicity.

The Bank has complied with all applicable non-mandatory requirements of Clause 49, except for sending half yearly declaration of financial performance and summary of significant events to the households of shareholders, since detailed information on the same is posted on the website of the Bank. The Bank has conducted dematerialization campaign at various centres depending upon the number of shareholders there at for assisting the shareholders dematerialize their physical shares.

### Means of Communication

The Bank wants all its shareholders to have complete access to information on its activities, performance and products. The annual, half yearly and quarterly results of the Bank were published in all the leading newspapers of the country and also displayed on the Bank's website [www.statebankoftravancore.com](http://www.statebankoftravancore.com). The Annual Report (Abridged Version) is sent to all the shareholders of the Bank. The Bank's website displays, inter alia, the various products and services offered, service charges, FEDAI Rates, other disclosures, the Bank's Annual Report etc. Every year, after the annual results are declared, a Press Meet is held, in which a presentation is made and the queries of the media are answered.

After declaring the quarterly results, press notifications are issued.

### General Shareholder Information

- i) Annual General Meeting:
  - Date : 28th May 2013
  - Time : 02.30 P.M.
  - Venue : A K G Memorial Hall  
Gas House Junction  
Thiruvananthapuram - 695 034.
- Financial Calendar: 1st April 2012 to 31st March 2013
- ii) Date of Book Closure : 8th & 9th May 2013
- iii) Dividend Payment date: 15th May 2013
- iv) Listing of Stock Exchanges: Listed on National, Mumbai, Chennai and Kochi Stock Exchanges.
- v) Stock Exchange (BSE): 532191  
Stock Exchange (NSE): SBT  
ISIN No. INE654A01024 (NSDL)
- vi) Market Price Date: High, Low (in Rupees) during each month of last financial year.

2012-13		National Stock Exchange (NSE)		
Month & Year	High	Date	Low	Date
April 2012	589.50	02/04/2012	536.30	30/04/2012
May 2012	545.95	02/05/2012	474.55	23/05/2012
June 2012	574.00	11/06/2012	458.00	04/06/2012
July 2012	560.00	05/07/2012	484.00	26/07/2012
August 2012	506.50	08/08/2012	478.10	30/08/2012
September 2012	523.90	24/09/2012	470.80	05/09/2012
October 2012	539.70	04/10/2012	495.10	31/10/2012
November 2012	529.00	01/11/2012	506.65	20/11/2012
December 2012	644.90	10/12/2012	520.05	03/12/2012
January 2013	641.30	02/01/2013	488.00	01/01/2013
February 2013	605.00	01/02/2013	540.00	28/02/2013
March 2013	554.00	08/03/2013	501.00	26/03/2013
2012-13		Mumbai Stock Exchange (BSE)		
Month & Year	High	Date	Low	Date
April 2012	587.95	03/04/2012	537.00	30/04/2012
May 2012	545.90	02/05/2012	470.10	23/05/2012
June 2012	520.00	29/06/2012	475.00	04/06/2012
July 2012	549.95	05/07/2012	481.65	26/07/2012
August 2012	507.95	09/08/2012	475.00	29/08/2012
September 2012	525.05	24/09/2012	475.25	05/09/2012
October 2012	540.00	05/10/2012	498.50	30/10/2012
November 2012	529.00	30/11/2012	505.05	02/11/2012
December 2012	648.00	10/12/2012	519.40	03/12/2012
January 2013	641.00	02/01/2013	564.50	25/01/2013
February 2013	606.00	01/02/2013	538.60	28/02/2013
March 2013	553.95	08/03/2013	494.95	26/03/2013

There were no transactions in Chennai and Kochi during the period.

vii) Performance in comparison to broad based indices such as BSE, SENSEX, CRISIL, Index etc.

A comparison is not attempted in view of the limited movement of the shares.

viii) Registrar & Transfer Agents:

M/s Integrated Enterprises (India) Ltd.  
 2nd Floor, "Kences Towers", No. 1,  
 Ramakrishna Street,  
 North Usman Road, T. Nagar, Chennai-600 017.  
 Telephone No. (044) 281 40801, (044) 281 40803.  
 Fax : (044) 281 42479



Email : [csdstd@integratedindia.in](mailto:csdstd@integratedindia.in)

ix) Compliance Officer

Shri. G. Misra, Deputy General Manager ( F & A ) is appointed as the Compliance Officer of the Bank to deal with the Share related matters.

x) Share Transfer System:

Processing by Share Transfer Agent and approval by the Share Transfer Committee at fortnightly intervals / Executive Committee of the Board of Directors.

xi) Dematerialisation of shares and liquidity: As per the State Bank of India (Subsidiary Banks) Act 1959, as amended by the State Bank of India (Subsidiary Banks Laws) amendment Act, 2006, restriction on maximum holding of the Bank's shares have been lifted and the Bank has started dematerialization of its shares on 22nd April, 2008.

The ISIN No. allotted by NSDL is INE654A01024.

As on 31.03.2013 out of the total number of 500,00,000 shares 456,39,487 shares are held in dematerialized form and 43,60,513 shares are held in physical form. The information and split option letter for sub division of shares are available in our website [www.statebankoftravancore.com](http://www.statebankoftravancore.com) under the head "Investor".

xii) Investor Grievances Committee

During the year 2012 – 13 the Committee met four times and Shri K T Rajagopalan, non-executive Director headed the first three meetings. Shri T Balakrishnan, another non-executive Director headed the fourth meeting. Till date, 23 complaints were received from the investors regarding non-receipt of share certificates/Dividend Warrants and all the complaints were redressed to the satisfaction of the shareholders.

xiii) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: NIL

xiv) Plant locations: Not Applicable

xv) Address for correspondence:

The Chief Manager (Shares & Bonds),  
State Bank of Travancore, Head Office,  
Poojappura P.O., Thiruvananthapuram – 695 012  
Tel No. (0471) 2359975; (0471) 2351244  
Extn. 2201, 2202  
Fax No. (0471) 2351861  
E mail : [cmsb@sbt.co.in](mailto:cmsb@sbt.co.in)

**(I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN**

Name of the Company : State Bank of Travancore

Scrip Code: BSE532191

Name of the Scrip: State Bank of Travancore

Class of Security : Equity Shares

Quarter Ended: 31/03/2013

Partly Paid-up Shares	No. of Partly paid-up Shares	As a % of total No. of partly paid-up Shares	As a % of total No. of Shares of the Company
Held by promoter / promoter group	Nil	Nil	Nil
Held by Public	Nil	Nil	Nil
Total	Nil	Nil	Nil
Outstanding Convertible Securities	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of Shares of the Company, assuming full conversion of the convertible securities
Held by promoter / promoter group	Nil	Nil	Nil
Held by Public	Nil	Nil	Nil
Total	Nil	Nil	Nil
Warrants	No. of warrants	As a % of total No. of Warrants	As a % of total No. of Shares of the Company, assuming full conversion of Warrants
Held by promoter / promoter group	Nil	Nil	Nil
Held by Public	Nil	Nil	Nil
Total	Nil	Nil	Nil
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities		5,00,00,000	

**(I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN**

Category Code (I)	Category of Shareholder (II)	No. of Share holders (III)	Total Number of shares (IV)	Number of shares held in Demat Form (V)	Total number of shareholding as a percentage of Total Number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	No. of Shares (VIII)	As a % of (IX=VIII / IV)
A	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP							
(1)	Indian							
a	Individual/Hindu Undivided Family							
b	Central Government/State Governments							
c	Bodies Corporate							
d	Financial Institutions / Banks	1	37500780	37500780	75.00	75.00	Nil	Nil
e	Any other (Specify) - -							
	Sub Total A(1)	1	37500780	37500780	75.00	75.00	Nil	Nil
(2)	Foreign							
a	Individual (Non resident Individuals/Foreign individuals)							
b	Bodies Corporate							
c	Institutions							
d	Qualified Foreign Investor							
e	Any other (Specify)							
	Sub Total A(2)	0	0	0	0.00	0.00	Nil	Nil
	Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	1	37500780	37500780	75.00	75.00	Nil	Nil
B	Public Shareholding							
(1)	Institutions							
a	Mutual Funds/UTI	4	514219	514219	1.03	1.03		
b	Financial Institutions / Banks	19	76686	59486	0.15	0.15		
c	Central Government/State Governments	1	525000	525000	1.05	1.05		
d	Venture capital Funds - -							
e	Insurance Companies	3	450670	450670	0.90	0.90		
f	Foreign Institutional Investors	21	1501346	1501196	3.00	3.00		
g	Foreign Venture Capital Investors - -							
h	Qualified Foreign Investor							
i	Any other - -							
	Sub Total B(1)	48	3067921	3050571	6.14	6.14		
(2)	Non-Institutions							
a	Bodies Corporate (Indian/Foreign/Overseas)	620	1154705	1028965	2.31	2.31		
b	Individuals (Resident/NRI/Foreign National)							
	Individual Shareholders holding Nominal Share							
(1)	Capital upto Rs. 1 Lakh	59851	7795125	3577702	15.59	15.59		
(ii)	Capital in excess of Rs. 1 Lakh	11	437190	437190	0.87	0.87		
c	Qualified Foreign Investor							
d	Any other							
	- Clearing Members	135	35476	35476	0.07	0.07		
	- Limited Liability Partnership	4	8015	8015	0.02	0.02		
	- Trusts	1	788	788	0.00	0.00		
	Sub Total B(2)	60622	9431299	5088136	18.86	18.86		
	Total Public Shareholding (B) = (B)(1) + (B)(2)	60670	12499220	8138707	25.00	25.00		
	TOTAL (A) + (B)	60671	50000000	45639487	100.00	100.00		
C	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group							
2	Public							
	Grand Total (A) + (B) + (C)	60671	50000000	45639487		100.00		



**(I) (d) Statement showing details of Locked - in shares**

Sr.No.	Name of the shareholder	Category of shareholder	Number of Locked-in Shares	Locked in Shares as a percentage of Total No. of shares {I.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
	Nil			
	Total		0	0.00

**(II) (a) Statement showing details of Depository Receipts (DRs)**

Sr.No.	Type of Outstanding DR (ADRs/GDRs/SDRs etc.)	No. of Outstanding Drs	Number of shares underlying Outstanding Drs	Shares underlying outstanding DRs as a percentage of Total No. of shares {I.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
	Nil			0
	Total	0	0	0

**II) (b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by 'promoter/ promoter group' are in excess of 1 % of the total number of shares**

Sr.No.	Name of the DR Holder	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying Outstanding Drs	Shares underlying outstanding DRs as a percentage of Total No. of shares {I.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
	Nil			0
	Total	0	0	0

**Compliance with Bank's Code of Conduct**

The Directors on the Bank's Board and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2012-13. Declaration to this effect signed by the Managing Director is placed below. The Code is posted on the Bank's website

**Declaration - Affirmation of Compliance with the Bank's Code of Conduct**

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2012-13.

**P Nanda Kumaran**  
**Managing Director**

Date: 28th April 2013

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the shareholders of State Bank of Travancore

We have examined the compliance of conditions of corporate governance by State Bank of Travancore, for the year ended on 31st March 2013, as stipulated in clause 49 of the listing Agreement of the State Bank of Travancore with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the State Bank of Travancore for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the State Bank of Travancore.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the State Bank of Travancore has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month as per the records maintained by the Shareholders / Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the State Bank of Travancore nor the efficiency or effectiveness with which the Management has conducted the affairs of State Bank of Travancore.

**For Jagdish Chand & Co**

Chartered Accountants  
 Praveen Kumar Jain  
 Partner  
 Membership No: 085629  
 FRN: 000129N

**For B.V.Rao & Co**

Chartered Accountants  
 B.V.Rao  
 Partner  
 Membership No: 019138  
 FRN: 003118S

**For Sridhar & Co**

Chartered Accountants  
 I.Jayasindhu  
 Partner  
 Membership No: 205660  
 FRN: 003978S

**For Abraham & Jose**

Chartered Accountants  
 Jose Pottokaran  
 Partner  
 Membership No: 012056  
 FRN: 000010S

**For G.K.Rao & Co**

Chartered Accountants  
 Suryanarayana Reddy.B  
 Partner  
 Membership No: 021071  
 FRN: 003124S

**For RGN Price & Co**

Chartered Accountants  
 P.M.Veeramani  
 Partner  
 Membership No: 023933  
 FRN: 002785S

Mumbai , 26th April, 2013

## DISCLOSURES UNDER PILLAR-III OF BASEL-II FRAMEWORK FOR THE YEAR ENDED MARCH 31, 2013.

**TABLE DF – I  
SCOPE OF APPLICATIONS**

CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED	
a) Qualitative Disclosures	The Bank has no subsidiaries
b) Quantitative Disclosures	The Bank has no subsidiaries

**TABLE DF –2  
CAPITAL STRUCTURE**

**Qualitative Disclosures:**

(a) Summary:

Type of Capital	Features	Holding (%)
Equity (Tier-I)	Shares issued to:	
	1. State Bank of India	75.00
	2. Individuals	16.24
	3. Foreign Institutional Investors	3.37
	4. Body Corporate	2.33
	5. Central/State Governments	1.05
	6. Insurance Companies	0.90
	7. Financial Institutions/Banks	0.32
	8. Mutual Funds/UTI	0.71
	9. Others	0.08
	Total	100.00

**Innovative Instruments (Tier-I)**

The Bank had raised Innovative Perpetual Debt Instruments (IPDI) for ₹ 200 Crore during FY 2006-07 and Rs. 100 Crore during 2007-08. The entire IPDI amount of Rs.300 Crore is shown as Tier-I Capital.

**Tier-II Capital Instruments**

**1) Subordinated Debt Instruments - Unsecured, redeemable, Non- convertible Bonds**

- i) Period range: Ranges from 63 months to 120 months
- ii) Unconditional Put/Call Option embedded: No

**2) Upper Tier-II Bonds (Unsecured, redeemable, Non-convertible Bonds)**

- i. Period range: 180 months
- ii. Unconditional Put/ Call Option embedded: Yes

Type of capital	Main features				
Equity	Paid up capital: Rs.50 Crore				
Innovative Perpetual Debt Instruments (IPDI)	Date of issue	Amount (₹ Crore)	Tenure	Coupon	Rating
	31/10/2006	200	Perpetual	9.34%	AAA stable
	27/03/2008	100	Perpetual	9.95%	AAA stable

<b>Upper Tier-II Bonds</b>	<b>Type of instrument:</b> Unsecured, Redeemable Non-convertible Upper Tier-II Bonds in the nature of Promissory Notes.					
	<b>Special features:</b>					
	a) No Put Option by the investors.					
	b) Call Option by the Bank after 10 years.					
	c) Step up option after 10 years, if Call Option is not exercised by the Bank (except for bond for ₹ 500 Crores) given below.					
d) Bank is not be liable to pay either interest on principal or even principal at maturity, if CRAR of the Bank is below the minimum regulatory CRAR prescribed by RBI.						
e) The claims of the investors in Innovative instruments are						
(1) superior to the claims of investors in equity shares and						
(2) subordinated to the claims of all other creditors.						
f) The instruments are fully paid-up, unsecured and free of any restrictive clauses.						
	Date of issue	Amount (₹ Crore)	Tenure	Coupon	Rating	
	01/03/07	200	15 years	9.65%	AAA stable	
	18/05/07	300	15 years	10.25%	AAA stable	
	26/03/12	500	15 years	9.25%	AAA stable	
<b>Lower Tier-II Subordinated Debt</b>	<b>Type of Instrument:</b> Unsecured, Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Note.					
	<b>Special features:</b> Plain vanilla bond with no special features like Put or Call option.					
		Date of issue	Amount (₹ Crore)	Tenure	Coupon	Rating
		19/01/2005	195	111 months	7.05%	LAAA
		06/10/2005	235	114 months	7.45%	LAAA
		12/02/2006	140	111 months	7.80%	AAAStable
		31/07/2007	125	120 months	9.20%	AAA Stable
	08/01/2008	125	120 months	9.18%	AAA Stable	

**Quantitative Disclosures:**

(₹ in Crore)

b)	Tier-I Capital *	4467.02
	Paid up Share Capital	50.00
	Reserves/Retained Profit	4225.92
	Innovative Instruments	300.00
	Other Capital Instruments	0.00
	Amount deducted from Tier-I Capital	108.90
c)	Total Eligible Tier-2 Capital (Net of deduction) **	1708.68
	(Refer (d) and (e) below)	
c)	Total Tier-3 Capital (if any)	0.00
d)	Debt Instruments eligible for inclusion in Upper Tier-2 Capital	
	Total amount outstanding	1000.00
	Of which raised during Current Year	0.00
	Amount eligible to be reckoned as Capital	1000.00
e)	Subordinated Debt Instruments eligible for inclusion in Lower Tier-2 Capital	
	Total amount outstanding	820.00
	Of which raised during Current Year	0.00
	Amount eligible to be reckoned as Capital	389.00
f)	Other Deductions from Capital, if any.	0.00
g)	Total Eligible Capital (net of deductions from Tier-I & Tier-2 capital)	
	(Should equal total of (b),(c) and (c i) minus (f) if any)	6175.70



\* Details of Tier-I Capital are given below: (₹ in Crore)

1	Paid up Capital	50.00
2	Reserves and Surplus	
	a) Statutory Reserves	1491.50
	b) Share Premium	142.50
	c) Capital reserve	96.08
	d) Other Reserves and Surplus	
	1) General Reserves	2335.72
	2) Reserve under Sec 36 of IT Act	158.75
	3) Balance of Profit	1.37
	e) Innovative Perpetual Debt Instrument	300.00
	Total	4575.92
	Less: Deferred Tax Assets	108.90
	<b>TOTAL TIER I CAPITAL FUNDS</b>	<b>4467.02</b>

\*\* Details of Tier-II Capital are given below: (₹ in Crore)

1	a) Provision for Standard Assets	309.55
	b) Interest Sacrifice on restructured Standard Asset	0.00
	c) Investment Reserve Account	10.13
2	IPDI eligible to be included in Tier-2	0.00
3	Subordinated Debt - Bonds(Max: 50% of Tier I)	389.00
4	Upper Tier-2 Bonds	1000.00
	Total Tier-II Capital	1708.68
	<b>TOTAL CAPITAL FUNDS (Tier-I + Tier-II)</b>	<b>6175.70</b>

### TABLE DF-3 CAPITAL ADEQUACY

#### Qualitative Disclosures

##### (a) Summary

##### Indicate

ICAAP Policy has been put in place	YES
Capital requirement for current business levels and estimated future business levels has been made :	YES
CAR has been worked out based on Basel-I & Basel-II guidelines and CAR is estimated to be above the Regulatory Minimum level of 9%.	YES

**Quantitative Disclosures**

(₹ in Crore)

(b)	Capital requirements for Credit Risk: <ul style="list-style-type: none"> <li>• Portfolios subject to Standardised Approach</li> <li>• Securitisation Exposure</li> </ul>	4177.92
(c)	Capital requirements for Market Risk <ul style="list-style-type: none"> <li>• Standardised Duration Approach</li> <li>- Interest rate risk -</li> <li>- Foreign exchange risk (including gold)</li> <li>- Equity Risk</li> </ul>	186.11 4.50 50.98
(d)	Capital requirements for Operational Risk <ul style="list-style-type: none"> <li>• Basic Indicator Approach</li> </ul> Total Capital requirement at Regulatory Minimum of 9%	332.36 4751.87
(e)	Total and Tier-I Capital Adequacy Ratio Total CAR Tier-I CAR	11.70% 8.46%

**TABLE DF-4**  
**CREDIT RISK: GENERAL DISCLOSURES (INCLUDING EQUITIES)**

**Qualitative Disclosures:**

## (a) General Qualitative Disclosures

Definitions of "Past Due" and "Impaired Assets" (whether the extant RBI instructions for definitions of these categories for accounting purposes is being followed or not)	Yes
The definition used are given in Annexure-I	
Discussion of Bank's Credit Risk Management Policy	
• Bank has a proper Credit Risk Management Policy	Yes
• Bank has a Loan/Credit Policy which is periodically reviewed	Yes
• The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration	Yes
• Exposure limits for Single Borrower, Group Entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated	Yes
• Specific norms and policy for appraising, sanctioning, documentation, inspections & monitoring, renewals, maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient room for innovation, deviations, flexibility with proper authority.	Yes

**Quantitative Disclosures:**

(Amount in ₹ Crore)

Quantitative Disclosures		Fund Based	Non Fund Based	Total
(b)	Total Gross Credit Exposures	68388.52	9385.36	77773.88
(c)	Geographic Distribution of Credit Risk Exposure : FB/NFB			
	Overseas			
	Domestic	68388.52	9385.36	77773.88
(d)	Industry Type Distribution of exposure Fund based/Non fund based separately	Please refer to Table "A"		
(e)	Residual Contractual Maturity Breakdown of Assets	Please refer to Table "B"		

(f)	Amount of Gross NPA	1749.88
	Substandard	929.48
	Doubtful - 1	497.96
	Doubtful - 2	258.35
	Doubtful - 3	52.15
	Loss	11.94
(g)	Net NPA (Net of DICGC Claims received)	988.58
(h)	NPA Ratios	
	Gross NPA to Gross Advance	2.56%
	Net NPA to Net Advance	1.46%
(i)	Movement of NPA (Gross)	
	Opening Gross NPA	1488.75
	Additions to Gross NPA	2406.55
	Reductions to Gross NPA	2145.42
	Closing Balance of Gross NPA	1749.88
(j)	Movement of NPA Provision	
	Opening balance of NPA provisions held	623.12
	Provisions made during the period	287.83
	Write-offs during the period	175.83
	Write-back of excess provisions during the period	0.00
	Closing Balance of NPA Provisions	735.12
(k)	Amount in Non Performing Investments (Gross)	3.85
(l)	Amount of Provisions held NP Investments	3.85
(m)	Movement of Provisions for Depreciation on Investments	
	Opening balance of provisions for Depreciation	35.22
	Provisions made during the period	12.01
	Write-offs during the period	0.00
	Write-back of excess provisions during the period	0.00
	Closing Balance of Provisions for Depreciation	47.23

**Table A**  
**Industry Type Distribution of Exposures as on 31.03.2013**

(₹ in Crore)

Code	Industry	Fund Based Outstandings			Non Fund Based Outstandings
		Standard	NPA	Total	Standard
1	Coal	228.11	0.00	228.11	111.16
2	Mining	65.15	0.01	65.16	0.11
3	Iron & Steel	3624.90	167.48	3792.38	843.48
4	Metal Products	611.91	10.22	622.13	136.56
5	All Engineering	1709.48	26.24	1735.72	1909.45
5.1	Of which Electronics	326.32	0.57	326.89	165.90
6	Electricity	521.89	0.00	521.89	217.01
7	Cotton Textiles	2239.48	20.30	2259.78	70.72
8	Jute Textiles	0.57	0.02	0.59	0.00
9	Other Textiles	1164.12	58.38	1222.50	254.56
10	Sugar	103.95	0.00	103.95	0.00
11	Tea	10.56	0.04	10.60	8.36
12	Food Processing	689.33	6.40	695.73	146.98
13	Vegetable Oils & Vanaspati	219.97	37.45	257.42	349.11
14	Tobacco / Tobacco Products	3.33	0.00	3.33	0.23
15	Paper / Paper Products	421.18	1.94	423.12	70.90
16	Rubber / Rubber Products	110.20	2.31	112.51	40.30
17	Chemicals / Dyes / Paints etc.	1932.48	45.06	1977.54	496.86
17.1	Of which Fertilizers	436.60	0.00	436.60	211.00
17.2	Of which Petrochemicals	448.72	0.01	448.73	10.38
17.3	Of which Drugs & Pharmaceuticals	525.07	0.38	525.45	108.66
18	Cement	566.27	40.36	606.63	71.77
19	Leather & Leather Products	85.49	0.27	85.76	26.31
20	Gems & Jewellery	2124.98	0.52	2125.50	101.00
21	Construction	931.44	40.99	972.43	336.61
22	Petroleum	556.31	0.00	556.31	0.00
23	Automobiles & Trucks	0.01	0.00	0.01	33.79
24	Computer Software	80.55	1.35	81.90	9.68
25	Infrastructure	6072.22	138.78	6211.00	2239.46
25.1	Of which Power	3150.94	7.18	3158.12	569.22
25.2	Of which Telecommunication	380.85	0.00	380.85	175.13
25.3	Of which Roads & Ports	1260.63	36.77	1297.40	413.87
26	Other Industries	3070.12	78.07	3148.19	873.44
27	NBFCs & Trading *	11657.81	445.67	12104.48	963.35
28	Res. Adv to bal. Gross Adv	27836.83	628.02	28463.85	74.16
	<b>Total</b>	<b>66638.64</b>	<b>1749.88</b>	<b>68388.52</b>	<b>9385.36</b>
	* of which NBFC	5486.22	19.01	5505.23	17.22
	* of which Trading	6171.59	426.66	6599.25	946.13

**Table A**

Residual Contractual Maturity Break Down of Assets									
Days	1-14 days	15-28 days	29 days & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	TOTAL
1. Cash	355.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	355.30
2. Balances with RBI	737.07	143.07	92.66	157.05	78.95	289.37	958.26	1732.27	4188.70
3. Balances with other Banks	223.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	223.70
4. Investments	516.52	318.93	1743.54	382.80	186.05	3853.70	3714.11	16509.85	27225.50
5. Advances *	1560.80	2884.21	13331.09	7934.48	13347.59	8696.41	5196.44	14532.60	67483.62
6. Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	286.29	286.29
7. Other Assets	1816.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1816.22
Total	5209.61	3346.20	15167.29	8474.33	13612.59	12839.48	9868.81	33061.01	101579.33

\*Net Advances (Gross advances Less IDBI bill rediscounted - SIDBI bills rediscounted- Advances, written off—provision for bad & doubtful debts –ECGC Claims - Floating Provision)

## TABLE DF - 5 CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

### Qualitative Disclosures

(a) For portfolios under Standardised Approach:

Names of ECRAs used:

- Credit Analysis and Research Limited (CARE)
- CRISIL
- India Ratings and Research Private Limited (India Ratings)
- ICRA Limited
- Brickwork Ratings India Pvt. Ltd. (Brickwork)
- SME Rating Agency of India Ltd. (SMERA)

Reasons for changes

No Changes

Types of exposures for which each agency has been used:

Both, Fund Based and Non Fund Based credit exposures.

Brief descriptions of the process used / proposed to be used for converting Public Issue ratings into comparable Assets in the Banking Book.

(Additional qualitative disclosures are given in Annexure-II)

### Quantitative Disclosures

(b) For exposure amounts (as defined for Disclosure in item (b) of Table-DF4), after Risk Mitigation subject to Standardised Approach, amount of outstanding (rated and unrated together) in the following three risk buckets as well as those that are deducted, if any

Below 100% Risk Weight	51075.45
Risk Weight at 100%	16820.27
More than 100% Risk weight	9878.16
Amount deducted, if any.	0.00

## TABLE DF-6

### CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

(a) Qualitative Disclosures

Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting and Policies and Processes for Collateral Valuation and Management

Has Credit Risk Mitigation and Collateral Management Policy been put in place Yes

Whether the policy provides for policies and procedures for Collaterals that can be accepted, method and frequency of their valuation and management Yes

[Note: Other salient features of policies and procedures for on –and off balance sheet netting and Collateral Valuation and Management are given in Annexure-III]

• **List of main types of Collaterals taken by the Bank:**

**Financial Collaterals**

- Cash, Bank Deposits, CDs etc
- Gold, including bullion and Jewellery
- Government Securities
- NSCs, IVPs etc
- LIC Policies restricted to their surrender value.
- Debt securities rated by an approved Rating Agency
- Un-rated Debt Securities issued by banks, listed in stock exchange
- Equity and Convertible Bonds those are listed.

**Guarantor & Counter Parties**

- Individuals of adequate worth
- Corporate - Public Sector & Private Sector
- Governments/Sovereign
- Other third parties of acceptable worth

**Other Non-Financial Collateral**

- Book Debts/Receivables
- Mortgage of Landed Residential & Commercial Properties

• **Information about (credit or market) concentration within the mitigation taken:**

Financial Risk Mitigants	Outstanding amount of Risk (₹ in Crore)	Risk Concentration (%)
Cash & Bank Deposit	1300.60	10.52%
Gold	10299.09	83.28%
LIC	0.00	0.00%
NSCs, KVP, IVP	2.72	0.02%
Shares and Debentures	0.00	0.00%
Margin Money from LC / BG	764.72	6.18%
Guarantors & Counter Parties	0.00	0.00%
Government Securities Excluding NSC	0.00	0.00%
Mutual Funds	0.00	0.00%
Others	0.00	0.00%
<b>TOTAL #</b>	<b>12367.13</b>	<b>100.00%</b>

# this has to agree with item (i) under quantitative disclosures below.

Note: • Loans & advances to staff members may be excluded, if needed  
 • If more than one mitigant is taken for one exposure, the outstanding may be divided equally amongst the mitigants.

**(b) Quantitative Disclosures**

For the disclosed Credit Risk portfolio under the Standardised Approach, the total exposure that is covered by: (₹ in crores)

(i)	For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.	12367.13
(ii)	For each separately disclosed portfolio the total exposure (after, where applicable, on or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI)	0.00

[Note: This should show the total credit portfolio covered by Financial Mitigants and should agree with Total in the preceding Table under qualitative disclosure marked (#)]

**TABLE DF-7  
SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH**

(a)	The general qualitative disclosure requirement with respect to securitisation including a discussion of:	The Bank does not have securitisation exposure
	<ul style="list-style-type: none"> <li>the bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities.</li> </ul>	
	<ul style="list-style-type: none"> <li>the nature of other risks (e.g. liquidity risk) inherent in securitised assets;</li> </ul>	
	<ul style="list-style-type: none"> <li>the various roles played by the bank in the securitisation process (For example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider<sup>@</sup>, protection provider<sup>*</sup>) and an indication of the extent of the bank's involvement in each of them;</li> </ul> <p><sup>@</sup> A bank may have provided support to a securitisation structure in the form of an interest rate swap or currency swap to mitigate the interest rate/currency risk of the underlying assets, if permitted as per regulatory rules.</p> <p><sup>*</sup> A bank may provide credit protection to a securitisation transaction through guarantees, credit derivatives or any other similar product, if permitted as per regulatory rules.</p>	
	<ul style="list-style-type: none"> <li>a description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2011).</li> </ul>	
	<ul style="list-style-type: none"> <li>a description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures;</li> </ul>	
(b)	The general qualitative disclosure requirement with respect to securitisation including a discussion of:	The Bank does not have securitisation exposure
	<ul style="list-style-type: none"> <li>whether the transactions are treated as sales or financings;</li> </ul>	
	<ul style="list-style-type: none"> <li>methods and key assumptions (including inputs) applied in valuing positions retained or purchased</li> </ul>	
	<ul style="list-style-type: none"> <li>changes in methods and key assumptions from the previous period and impact of the changes;</li> </ul>	
	<ul style="list-style-type: none"> <li>policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets.</li> </ul>	
(c)	In the banking book, the names of ECAs used for securitisations and the types of securitisation exposure for which each agency is used.	The Bank does not have securitisation exposure

Qualitative Disclosures: Banking Book		
(d)	The total amount of exposures securitised by the bank.	The Bank does not have securitisation exposure
(e)	For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security)	
(f)	Amount of assets intended to be securitised within a year	
(g)	Of (f), amount of assets originated within a year before securitisation.	
(h)	The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type.	
(i)	Aggregate amount of: <ul style="list-style-type: none"> <li>• on-balance sheet securitisation exposures retained or purchased broken down by exposure type and</li> <li>• off-balance sheet securitisation exposures broken down by exposure type</li> </ul>	
(j)	<ul style="list-style-type: none"> <li>• Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach</li> <li>• Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).</li> </ul>	
Qualitative Disclosures: Trading Book		
(k)	Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.	The Bank does not have securitisation exposure
(l)	Aggregate amount of: <ul style="list-style-type: none"> <li>• on-balance sheet securitisation exposures retained or purchased broken down by exposure type; and</li> <li>• off-balance sheet securitisation exposures broken down by exposure type.</li> </ul>	
(m)	Aggregate amount of securitisation exposures retained or purchased separately for: <ul style="list-style-type: none"> <li>• securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and</li> <li>• securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.</li> </ul>	
(n)	Aggregate amount of: <ul style="list-style-type: none"> <li>• the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands.</li> <li>• securitisation exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).</li> </ul>	

#### Quantitative Disclosures

The Bank does not have any securitization exposure.

**TABLE DF-8**  
**MARKET RISK IN TRADING BOOK**

#### Qualitative Disclosures

(i)	Market Risk Management Policy has been framed and put in place	Yes
(ii)	Trading Policy with risk monitoring & mitigation measures in place	Yes
(iii)	MRMC has been constituted	Yes
(iv)	Standardised Duration Approach is applied for calculation of Market Risk for:	Yes
	Securities under HFT category	Yes
	Securities under AFS category	Yes
	Derivatives entered into for AFS securities	None
	Derivatives entered into for Trading	None
(v)	Risk Management and reporting is based on parameters such as Modified Duration, PVOI, Exposure and Gap Limits, VaR etc in line with the global best practices	Yes
(vi)	Risk profiles are analysed and mitigating strategies/ hedging process are suggested by the Mid-Office. Their effectiveness is monitored on an ongoing basis.	Yes
(vii)	Forex Open Position limits (Daylight/Overnight), deal-wise cut-limits, stop-loss limit, Profit/Loss in respect of Cross Currency trading are properly monitored and exception reporting is regularly carried out.	Yes



**Qualitative Disclosures**

(₹ in crore)

The Capital requirement for:	
Interest Rate Risk	186.11
Equity Position Risk	50.98
Forex Risk	4.50
<b>Total</b>	<b>241.59</b>

**TABLE DF-9  
OPERATIONAL RISK**

**Qualitative Disclosures**

Operational Risk Policy is in place	Yes
RCSA has been/is being rolled out to Zones/Branches/Other relevant offices.	Yes
ORMC has been constituted	Yes
Disaster Recovery Policy & Business Continuity Plan have been put in place	Yes
Risk reporting Design and Framework for Operational Risk has been finalized	No
Operational Risk Capital Assessment has been worked out on the basis of:	Basic Indicator Approach

Brief write up on steps taken for migration to Advanced Approach:

The Operational Risk Management Policy of the Bank is in place, which is intended to establish a risk framework that will guide the Bank in the management of Operational Risk and allocation of capital for potential losses. The Policy envisages to establish explicit and consistent Operational Risk Management framework in the Bank that would result in the systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks. The Bank has drawn up a Roadmap, which enunciates time bound action points for migration to Advanced Approach.

**Qualitative Disclosures**

(₹ in crore)

Capital charge on Operational Risk.	332.36
-------------------------------------	--------

**TABLE DF-10  
INTEREST RATE RISK IN BANKING BOOK (IRRBB)**

**Qualitative Disclosures**

Change in Bank's Net Interest Income (NII):

- Indicate whether NII is measured as per ALM guidelines of RBI using Traditional Gap Analysis method or not.  
Bank is calculating NII using Traditional Gap Analysis method.
- Indicate whether Earnings at Risk (EaR) is arrived at under the above analysis or not. Yes.
- Change in Bank's Market Value of Equity (MVE):

Indicate whether the impact of change in Interest Rates on MVE is measured using Duration Gap Analysis method as per RBI guidelines Duration Gap Analysis Method being used as per RBI guidelines.

**Quantitative Disclosures**

(i) Change in NII:

Indicate the likely increase/decrease in NII, in rupees crore, as the present level of Assets and Liabilities, for a 1% (assuming parallel change on both Assets and Liabilities) movement in Interest Rate.

NII is likely to increase / decrease by ₹121.03 crore, in case of 1% movement in Interest Rate

(ii) Change in MVE:

Indicate the likely change in MVE, in rupees crore, for a 1% change in Interest Rate.

MVE is likely change by ₹ 69.33 crore for a 1% change in Interest Rate.

Table DF – 4

Annexure - I

Credit Risk : General Disclosures		
4 (I)	Qualitative Disclosures	Remarks
	Definition of past due impaired	<p>2.1 Non Performing Assets</p> <p>2.1 .1 An asset including a leased asset, becomes non- performing when it ceases to generate income for the bank.</p> <p>2.1 .2 A non performing asset (NPA) is a loan or an advance where ; (i) interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan, (ii) the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft / Cash Credit (OD/CC), (iii) the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted, (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops.</p> <p>2.1 .3 Banks should, classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.</p>
		<p>2.2 'Out of Order' status</p> <p>An account should be treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as in the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as out of order.</p>
		<p>2.3 'Overdue'</p> <p>Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.</p> <p>(i) inability or the unwillingness of the counter party to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities</p> <p>(ii) Downgrading of counter parties whose credit instruments the Bank may be holding, causing the value of those assets to fall.</p> <p>(iii) Settlement risk ( possibility that the Bank may pay a counter party and fail to receive the corresponding settlement in return)</p>
(i)	Risk Governance Structure is in place	Yes
(ii)	Principal Committees that review credit risk management	Credit Risk Management Committee (CRMC) is in place.
(ii)	Changes in the credit risk management structure since prior period disclosure.	No
	Approved policies with regard to credit risk	Yes
(i)	Credit Risk Management Policy	Yes
(ii)	Credit Risk Mitigation and	Yes
	Collateral Management Policy	Yes
(iii)	Stress Testing Policy	Yes
	List any other relevant policies	Credit Risk Model Validation Policy Credit Risk Model Validation Process IRB Asset Categorisation Policy Model Risk Policy Risk Rating Policy Credit Risk Data Management Policy

Table DF – 5

Annexure - II

Credit Risk : Disclosure for portfolios subject to Standardised Approach		
5	Qualitative Disclosures	Remarks
(I).	Names of credit rating agencies used	Domestic Credit Rating Agencies: CRISIL Ltd., ICRA Ltd., CARE, India Ratings and Research Private Ltd (India Ratings), Brickwork, SME Rating Agency of India Ltd. (SMERA)
(II).	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No Changes
(III).	Types of exposure for which each agency is used	All the above identified Rating Agency ratings are used for various types of exposures as follows :
		(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECAs will be applicable.
		(ii) For Domestic Cash Credit , Overdrafts and other Revolving Credits ( irrespective of the period ) and ( or Term Loan exposures of over one year, Long Term Rating will be applicable.
		(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.
		(iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
(IV)	Description of the process used to transfer public issue rating on to comparable assets in the banking book.	Long –term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer(borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :
		(i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party will be assigned the same Risk Weight, if the exposure ranks paripassu or junior to the rated exposure in all aspects.
		(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank`s unrated exposures if the Bank`s exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank`s exposure is not later than maturity of rated debt.

Table DF – 6

Annexure - III

Credit Risk Mitigation : Disclosures for Standardised Approach		
6(a)	Qualitative Disclosures	Remarks
	Eligible financial collaterals	<p>(i) Cash ( as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.</p> <p>(ii) Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.</p> <p>(iii) Securities issued by the Central and State Governments</p> <p>(iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.</p> <p>(v) Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.</p> <p>(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either :</p> <p>a) Attracting 100% or lesser risk weight i.e. rated at least BBB(-) when issued by Public sector entities and other entities ( including banks and Primary Dealers) ; or</p> <p>b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/ F3/ A3 for short-term debt instruments.</p> <p>(vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:</p> <p>a) Issued by the bank; and</p> <p>b) listed on a recognized exchange; and</p> <p>c) Classified as senior debt; and</p> <p>d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or PR3/P3/F3/A3 by a chosen Credit Rating Agency; and</p> <p>e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or PR3/P3/F3/A3 (as applicable); and</p> <p>f) Banks should be sufficiently confident about the market liquidity of the security.</p> <p>(viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where :</p> <p>a price for the units is publicly quoted daily i.e. , where the daily NAV is available in public domain; and</p> <p>mutual fund is limited to investing in the instruments listed in this paragraph .</p>
6(b)	Qualitative Disclosures	Remarks
(i)	On-balance sheet netting	Where the Bank has a well founded legal basis for conducting that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counterparty is insolvent or bankrupt is able at any time to determine the loans/advances and deposits with the same counter-party that are subject to the netting agreement; and Monitors and controls the relevant exposures on a net basis.
(ii)	Guarantees	Bank will take guarantees for Credit Risk Mitigation purpose in calculating capital requirements, where guarantees are direct, explicit, irrevocable and unconditional.
(iii)	Main types of guarantor counter-party and their creditworthiness	Range of recognized Guarantors (Counter-guarantors) Sovereigns, Sovereign entities (including BIS, IMF, European Central Bank and European Community , ECGC and CGTSME), banks and primary dealers with a lower risk weight than the counter-party; Other entities rated AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

STATE BANK OF TRAVANCORE  
(Associate of the State Bank of India)  
HEAD OFFICE : THIRUVANANTHAPURAM  
KERALA PIN 695 012.

## ATTENDANCE SLIP

(Please complete this attendance slip and hand over at the entrance of the Meeting Hall)

I hereby record my presence at the FIFTY THIRD ANNUAL GENERAL MEETING held at 2.30 P.M. on the 28th of May 2013, in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034.

SIGNATURE OF THE SHAREHOLDER/PROXY :  
FULL NAME AND REGISTERED ADDRESS OF THE SHAREHOLDER :  
CLIENT ID / FOLIO NO. : NO OF SHARES :  
NAME OF THE PROXY :  
CLIENT ID / FOLIO NO. :

Please Note:

1. In case a shareholder is attending the Meeting by proxy, he is requested to hand over the slip duly filled in, to the proxy.
2. Members are requested to bring their copies of the Annual Report (Abridged Version) to the meeting.
3. Registration of members will be closed at 2.45 P.M.
4. Entry of members into the Meeting Hall will be stopped at 3.00 P.M.

STATE BANK OF TRAVANCORE  
(Associate of the State Bank of India)  
HEAD OFFICE : THIRUVANANTHAPURAM  
KERALA PIN 695 012.

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ (place) being shareholder (s) of the State Bank of Travancore holding \_\_\_\_\_ number of shares on the share register do hereby appoint (a)Shri \_\_\_\_\_ (Folio No/ ID \_\_\_\_\_) of \_\_\_\_\_ or failing him (b)Shri \_\_\_\_\_ (Folio No/ID \_\_\_\_\_) of \_\_\_\_\_ as my /our proxy to attend and vote for me /us on my /our behalf at the 53rd Annual General Meeting of the shareholders of State Bank of Travancore to be held in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034 on Tuesday the 28th May, 2013 and at any adjournment thereof.  
Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Client ID /Folio No.

Affix 15 ps.  
Rev. stamp

Signature  
(Please see overleaf)

**NOTE:**

- (1) No proxy in any other format or which is not duly filled up, dated and stamped, will be accepted.
- (2) No instrument of proxy shall be valid unless in the case of an individual shareholder it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholder first named in the share register or his attorney duly authorised in writing or in the case of a company it is executed under its common seal, if any, or signed by its attorney duly authorised in writing:
- (3) An instrument of proxy shall be deemed to be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, or other Government Gazetted officer or an officer of the State Bank of India or State Bank of Travancore.
- (4) No person shall be appointed as a proxy unless he is entitled to attend the general meeting otherwise than as a proxy, provided that this shall not apply to a proxy appointed by a company. Further, no officer or employee of State Bank of Travancore shall be appointed as proxy.
- (5) No proxy shall be valid unless the power of attorney or other authority, if any, under which it is signed, or a copy of that power of attorney or authority certified by a notary public or a Magistrate is also deposited along with it or not less than four clear days before the date fixed for the Annual General Meeting, unless it shall have already been registered with the Bank.
- (6) The completed proxy should be deposited at the Head Office of State Bank of Travancore not less than four clear days before the date fixed for the Annual General Meeting (i.e., on or before 22nd May 2013, 5 p.m).

FINANCIAL HIGHLIGHTS FOR THE LAST 10 YEARS

(₹ in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>LIABILITIES</b>										
Capital (₹ in crore)	50	50	50	50	50	50	50	50	50	50
Reserves & Surplus(₹ in crore)	875	1080	1282	1549	1668	2200	2791	3413	3816	4315
Deposits (₹ in crore)	19721	24133	25996	30984	35354	42042	50883	58158	71470	84624
Borrowings (₹ in crore)	271	127	1166	1903	2849	808	3250	5726	7607	8747
Other's(₹ in crore )	3086	3484	3368	3507	3973	4361	2480	3629	3006	3843
<b>Total (₹ in crore)</b>	<b>24003</b>	<b>28874</b>	<b>31862</b>	<b>37993</b>	<b>43894</b>	<b>49461</b>	<b>59454</b>	<b>70976</b>	<b>85949</b>	<b>101579</b>
<b>ASSETS</b>										
Investments (₹ in crore)	10778	10592	10630	9562	11353	13232	15844	17927	22438	27273
Advances(₹ in crore)	11132	14848	18866	24786	28137	32711	38461	46044	55346	67484
Other Assets(₹ in crore)	2093	3435	2366	3645	4404	3518	5149	7005	8165	6870
<b>Total (₹ in crore)</b>	<b>24003</b>	<b>28875</b>	<b>31862</b>	<b>37993</b>	<b>43894</b>	<b>49461</b>	<b>59454</b>	<b>70976</b>	<b>85949</b>	<b>101579</b>
Net Interest Income (₹ in crore)	684	896	955	1134	957	1283	1401	1695	1898	2128
Provisions for NPA(₹ in crore)	262		46	70	105	55	80	245	433	392
Operating Result (₹ in crore)	700	802	674	710	709	1056	972	1176	1249	1351
Net Profit Before Taxes(₹ in crore)	456	555	415	384	323	448	288	448	748	896
Net Profit (₹ in crore)	244	247	259	326	386	608	684	728	510	615
Return on Average Assets(%)	1.15	0.96	0.86%	0.95	0.94	1.30%	1.26	1.12	0.65	0.66
Return on Equity(%)	2644.00%	2187.00%	1943.00%	2040.00%	2247.00%	2929.00%	2565.00%	2272.00%	1362.00%	15.54
Expenses to Income(%) (Operating Expenses to total Net Income)	39.23%	42.36%	48.41%	47.59%	49.21%	43.08%	45.24%	48.36%	49.62%	51.42
Profit per Employee(₹ in 000)	216	220	222	296	356	558	580	620	420	506
Earnings per Share(₹)	489	494		653	77	121	137	146	102	123
Dividend per share (₹)	7.5	7.5	10	10	10	13	16	18	18	20
SBT Share (₹)	1649	2290	4545	3705	5625	219	649	769	632	521
Dividend payout Ratio % (₹)	15.33%	15.17%	21.29%	15.41%	15.24%	11.46%	12.05%	12.41%	17.73%	16.65
CAR BASEL - I	11.36%	11.05%		11.68%	12.68%	12.13%	11.89%	10.82%	11.18%	9.44%
CAR Basel - II						14.03%	13.74%	12.54%	13.55%	11.70%
Net NPA to Net Advances (%)	1.39%	1.81%	1.47%	1.08%	0.94%	0.58%	0.91%	0.98%	1.54%	1.46
Number of Domestic Branches	668	670	690	704	710	726	748	792	879	1013



**STATE BANK OF TRAVANCORE**

(Associate of the State Bank of India)

Head Office : Poojapura, Thiruvananthapuram - 695 012

Tel : 0471 - 2351244, Fax : 0471 - 2351137

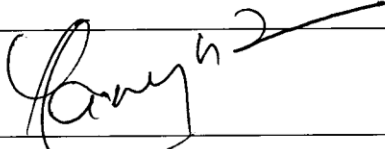

E-mail : [dgmfa@sbt.co.in](mailto:dgmfa@sbt.co.in)

[www.statebankoftravancore.com](http://www.statebankoftravancore.com)



FORM A

Format of Covering Letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	State Bank of Travancore
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3	Type of Audit observation.	Un-qualified
4	Frequency of observation.	N. A.
5	Signed by	
i.	P NANDAKUMARAN Managing Director	
ii.	S. CHANDRASEKHARAN Chief Financial Officer	
iii.	Auditor of the Bank	As below
iv.	T. BALAKRISHNAN Audit Committee Chairman	